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3-125A001

May 4, 1993

18225
RECORDATION NO. FILED 1425

MAY 5 1993 10:05 AM

INTERSTATE COMMERCE COMMISSION

VIA MESSENGER

Secretary
Interstate Commerce Commission
Room 2303
Washington, DC 20423

Attention: Mrs. Mildred Lee

Re: DOCUMENTS FOR RECORDATION

New Member

Dear Mr. Strickland:

I am an attorney representing a party to the enclosed document. I have enclosed one original and four certified copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code and the regulations adopted thereto.

The document is a Railcar Lease Agreement, a primary document, dated as of April 30, 1993.

The names and addresses of the parties to the enclosed documents are as follows:

Lessor: The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas
New York, New York 10036

Lessee: Elgin, Joliet and Eastern Railway Company
Maple Road
Joliet, Illinois 60434

A. H. Garrison
C. J. [Signature]

May 4, 1993

A description of the equipment covered by the foregoing documents follows:

100 1993 Thrall 100-ton capacity coil cars, and covers thereto, having the following marks and numbers: EJE 7400-7499 (inclusive).

A fee of \$16.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation and the enclosed copy of this letter, each stamped with your recordation number to the messenger bearing this letter.

A short summary of the document to appear in the index follows:

Railcar Lease Agreement between Elgin, Joliet and Eastern Railway Company, Joliet, Illinois, and The CIT Group/Equipment Financing, Inc., New York, New York, dated as of April 30, 1993, and covering 100 coil cars and covers thereto.

Yours very truly,

SEYFARTH, SHAW, FAIRWEATHER & GERALDSON

By

Stacy Powell-Bennett

SPB/cjp
1149P

Enclosures

cc: Richard Demarest Yant
David Arnold
John A. Yokim

ICC file copy
New Number

18225
RECORDATION NO. _____ FILED 1425
MAY 5 1993 10:05 AM
INTERSTATE COMMERCE COMMISSION

MASTER RAILCAR LEASE AGREEMENT
BETWEEN
THE CIT GROUP/EQUIPMENT FINANCING, INC.
AND
ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

April 30, 1993

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TABLE OF CONTENTS

Page

1.	Lease.....	1
2.	Definitions.....	2
3.	Term.....	7
4.	Rent; Unconditional Obligations.....	7
5.	Disclaimer; Assignment of Warranties.....	8
6.	Return; Storage; Purchase Option; Renewal Option; Early Termination Option.....	9
7.	Representations and Warranties.....	11
8.	Liens.....	14
9.	Insurance.....	14
10.	Taxes.....	15
11.	Compliance with Laws; Operation and Maintenance; Additions.....	19
12.	Inspection.....	20
13.	Identification.....	20
14.	[Intentionally omitted].....	20
15.	Loss or Damage.....	20
16.	General Indemnity.....	21
17.	Events of Default.....	22
18.	Remedies.....	23
19.	Lessor's Right to Perform.....	25
20.	Assignment or Sublease.....	25
21.	No Changes in Lessee.....	26
22.	Further Assurances; Financial Information; Reports.....	26
23.	Recording.....	27
24.	Notices.....	28
25.	Identification Marks.....	28
26.	Conditions Precedent.....	29
27.	Additional Security and Covenants.....	31
28.	Miscellaneous.....	32

MASTER RAILCAR LEASE AGREEMENT

This MASTER RAILCAR LEASE AGREEMENT, dated as of April 30, 1993 ("Lease"), is entered into by and between THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation ("Lessor"), and Elgin, Joliet and Eastern Railway Company, a Delaware corporation ("Lessee").

1. Lease.

(a) Pursuant to the terms and conditions of this Lease, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor hereunder, those units of railroad rolling stock which are specifically described on the Equipment Schedule attached hereto as Exhibit A and which are described on any Supplement and Acceptance Certificate ("Acceptance Certificate") executed by the parties from time to time in substantially the form of Exhibit B attached hereto, together with all attachments, additions, accessories, appliances, replacement parts, substitutions and repairs attached thereto, incorporated therein or placed or placeable thereon (referred to herein collectively as the "Equipment" or individually as a "Unit"). Lessee shall execute an Acceptance Certificate in the form attached hereto as Exhibit B for each Unit or group of Units. Lessee's execution and delivery to Lessor of an Acceptance Certificate with respect to any Unit shall constitute Lessee's irrevocable acceptance of such Unit for all purposes of this Lease. Receipt of an Acceptance Certificate shall be a condition to any obligation of Lessor to acquire and lease to Lessee any Unit. Each Acceptance Certificate shall incorporate therein all of the terms and conditions of this lease to the same extent as if the provisions hereof were set forth in full therein.

Each Acceptance Certificate shall be executed and all Equipment subjected to this Lease on or before June 30, 1993. Lessor shall have no obligation after such date to purchase or commence the lease of any Equipment. Lessor shall have no obligation to acquire or lease any Equipment other than that described on Exhibit A.

(b) The total Lessor's Cost of all Units leased pursuant hereto shall not exceed \$5,582,400, unless otherwise agreed in writing by Lessor.

(c) Lessee shall be responsible for arranging transportation and all costs of delivery of each Unit, and Lessor shall have no responsibility or obligation whatsoever with respect to such arrangement.

(d) Lessor shall not be obligated to acquire or lease any Unit unless all of the conditions set forth in Section 26 hereof shall have been fulfilled to the satisfaction of Lessor.

2. Definitions.

(a) As used in this Lease, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"AAR" shall mean the Association of American Railroads or any successor organization or agency having similar responsibilities.

"Amortization Deductions" as defined in clause (i)(A) of Subsection 10(b) hereof.

"Assumptions" shall mean the assumptions set forth in Subsection 10(b)(i) hereof as adjusted pursuant to Subsection 10(b)(iv) hereof.

"Basic Rent" shall mean, with respect to any Unit, all rent payable by the Lessee to the Lessor pursuant to Section 4(b) of the Lease.

"Basic Term Commencement Date" as defined in Section 3 hereof.

"Business Day" shall mean a day other than a Saturday, Sunday or legal holiday under the laws of the State of New York.

"Change in Tax Law" shall mean any change in federal tax law or regulations in effect as of the date of this Lease, which change occurs or becomes effective at any time after the date of this Lease.

"Code" shall mean the Internal Revenue Code of 1986, as it may be amended hereafter, or any comparable successor law.

"Commodity" shall mean the commodity for which use of a Unit is permitted pursuant to the applicable Acceptance Certificate.

"Default" shall mean any event or condition which after the giving of notice or lapse of time or both would become an Event of Default.

"Depreciation Deductions" as defined in clause (i)(A) of Subsection 10(b) hereof.

"Effective Rate" as defined in Subsection 10(b)(v) hereof.

"Equipment" as defined in Subsection 1(a) hereof.

"Event of Default" as defined in Section 17 hereof.

"Event of Loss" with respect to any Unit means any of the following events: (i) a Unit shall be or become lost, stolen, destroyed, or irreparably damaged (as provided under Rule 107 of the AAR Interchange Rules), from any cause whatsoever during the Term hereof or any Renewal Term or until the Unit is returned pursuant to the Lease, or during any storage period, or (ii) title to the Unit shall be taken by any governmental entity by condemnation or otherwise, or (iii) use of the Unit shall be taken or requisitioned (a) by condemnation or otherwise resulting in loss of possession by the Lessee for 180 consecutive days or (b) by any governmental entity for a period which equals or exceeds or is expected to equal or exceed the shorter of (I) the then remaining term of the Lease or (II) a period of two years, or (iv) as a result of any rule, regulation, order or other action by the AAR, FRA or any government or any agency or instrumentality thereof, the use of such Unit in the normal course of interstate rail transportation and unrestricted interchange shall have been prohibited for a continuous period of 180 days.

"Fair Market Rental Value" shall mean the value which would be obtained in an arm's length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to buy, sell or lease and on the assumption that such Units are in the condition required herein and are free and clear of liens, for the lease of the Units pursuant to a lease having terms and conditions (other than rent and lease term) similar to the terms and conditions of this Lease. The parties may agree to the Fair Market Rental Value, but if the parties fail to agree in writing to a Fair Market Rental Value within ten (10) Business Days after Lessee's notice pursuant to Subsection 6(d) hereof, Fair Market Rental Value shall be determined by an independent appraiser (at Lessee's expense) selected by mutual agreement of the Lessor and Lessee, which determination shall be made (a) without deduction for any costs or expenses of transportation; and (b) on the assumption that such Unit is free and clear of all Liens and is in the condition and repair in which it is required to be returned pursuant to Subsection 6(a) hereof.

"Fair Market Sale Value" shall, at any time with respect to any Units, be equal to the sale value of such Units which would be obtained in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed

and willing buyer-user (other than a lessee currently in possession or a used equipment or scrap dealer). For purposes of Subsection 6(c) hereof, the parties may agree to the Fair Market Sale Value, but if the parties fail to agree in writing to the Fair Market Sale Value within ten (10) Business Days after Lessee's notice pursuant to Subsection 6(c) hereof, Fair Market Sale Value shall be determined by an independent appraiser (at Lessee's expense) selected by mutual agreement of Lessor and Lessee, which determination shall be made (a) without deduction for any costs or expenses of transportation; and (b) on the assumption that such Units are free and clear of all Liens and are in the condition and repair in which they are required to be returned pursuant to Subsection 6(a) hereof. For purposes of Subsection 18(c) hereof, Fair Market Sale Value shall be determined (at Lessee's expense) by an independent appraiser selected by Lessor, on an "as-is, where-is" basis, without regard to the provisions of clauses (a) and (b) above; provided, that, if Lessor shall have sold any Units pursuant to Subsection 18(b) hereof prior to giving the notice referred to in Subsection 18(c) hereof, Fair Market Sale Value of such Units shall be the net proceeds of such sale after deduction of all costs and expenses incurred by Lessor in connection therewith; provided, further, that if for any reason Lessor is not able to obtain possession of any Units pursuant to Subsection 18(a) hereof, the Fair Market Sale Value of such Units shall be zero.

"Fixed Rent Factor" shall mean the factor set forth on the applicable Acceptance Certificate.

"FRA" shall mean the United States Department of Transportation, the Federal Railroad Administration and every other state, federal or provincial agency having jurisdiction over the condition, maintenance, repair or safety of the Equipment or of any Unit.

"Guarantor" shall mean Transtar, Inc., a Delaware corporation.

"Guaranty" shall mean the Guaranty Agreement executed by Guarantor, substantially in the form attached hereto as Exhibit C.

"ICC" shall mean Interstate Commerce Commission or any successor agency having similar jurisdiction or responsibilities.

"Imposition" as defined in Subsection 10(a) hereof.

"Indemnatee" as defined in Section 16 hereof.

"Indemnity Event" as defined in Subsection 10(b)(ii) hereof.

"Interim Rent" shall mean, with respect to any Unit, all rent payable by the Lessee to the Lessor on the Basic Term Commencement Date pursuant to Section 4(a) of the Lease.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Late Charge Rate" shall mean an interest rate per annum equal to the higher of three percent (3%) over the Prime Rate or fourteen percent (14%), but not to exceed the highest rate permitted by applicable law.

"Lease" and the terms "hereof", "herein," "hereto" and "hereunder," when used in this Master Railcar Lease Agreement, shall mean and include this Master Railcar Lease Agreement and each supplement and amendment hereto, as the same may from time to time be amended, modified or supplemented.

"Lease Term" or "Term" shall mean, with respect to any Unit, the term of the lease of such Unit hereunder specified in Section 3 hereof, including any Interim Term and base term.

"Lessee" as defined in the introductory paragraph to this Lease.

"Lessor" as defined in the introductory paragraph to this Lease.

"Lessor's Cost" shall mean, with respect to any Unit, the total amount paid by Lessor for such Unit, which amount shall be set forth on the applicable Acceptance Certificate.

"Lessor's Economics" shall mean the after-tax yield and periodic after-tax cash flow anticipated by Lessor as of the date of this Lease, in connection with the transactions contemplated by this Lease, as determined by Lessor.

"Lessor's Lien" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person claiming through or under Lessor, not based upon or relating to ownership of the Equipment or the lease thereof hereunder.

"Lien" shall mean any mortgage, pledge, lien, security interest, charge, encumbrance, financing statement, title retention or any other right or claim of any person, other than any Lessor's Lien.

"Loss Payment Date" shall mean, with respect to any Unit, the date on which payment, as described in Subsection 15(b) hereof, is made to Lessor by Lessee as the result of an Event of Loss with respect to such Unit. The Loss Payment Date shall be upon the earlier of (i) the next Rent Payment Date or (ii) thirty (30) days after the said Event of Loss.

"Prime Rate" shall mean the rate publicly announced from time to time as the prime rate of Chemical Bank ("Chemical"); the Prime Rate shall be determined by Lessor at the close of business on the 15th day of each calendar month (if the 15th day is not a Business Day then on the first preceding Business Day) and shall become effective as of the first day of the calendar month succeeding such determination and shall continue in effect to, and including, the last day of said calendar month. The Prime Rate is not intended to be the lowest rate of interest charged by Chemical in connection with extensions of credit to debtors.

"Renewal Term" shall mean the Lease Term as extended pursuant to any renewal of the Lease.

"Rent Payment Date" shall mean each date on which an installment of rent is due and payable pursuant to Section 4 hereof.

"Stipulated Loss Value" shall mean, with respect to any Unit, the amount determined by multiplying the Lessor's Cost of such Unit by the percentage set forth on Schedule 2 to the applicable Acceptance Certificate opposite the applicable Rent Payment Date (provided, that for purposes of Subsections 15(b), 18(c) and 18(d) hereof, any determination of Stipulated Loss Value as of a date occurring after the Final Rent Payment Date with respect to such Unit shall be as of such Final Rent Payment Date).

"Tax Benefits" shall mean such deductions and other benefits as are provided by the Code to an owner of property, including the Depreciation Deductions and the Amortization Deductions.

"Termination Date" shall mean the date set forth on the applicable Acceptance Certificate.

"Termination Factor" shall mean the percentage that is set forth on the applicable Acceptance Certificate.

(b) All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

3. Term. The interim term of the lease of each Unit hereunder (the "Interim Term") shall mean the period commencing on the date the Lessor purchases such Unit, and continuing to and including the day immediately preceding the Basic Term Commencement Date (as defined below) for such Unit. The basic term of the lease of each Unit hereunder shall mean the period commencing on and including the Basic Term Commencement Date specified in the Acceptance Certificate pertaining thereto (the "Basic Term Commencement Date") and, unless earlier terminated pursuant to the provisions hereof, shall continue for the term provided in such Acceptance Certificate.

4. Rent; Unconditional Obligations. Payments of rent with respect to the Equipment set forth on Exhibit A hereto shall be made to a single payee at the single location designated by Lessor, whether to Lessor or an assignee of Lessor. Payments of rent with respect to other Equipment leased hereunder shall be payable at such address as Lessor may designate. .

(a) The Lessee shall pay to Lessor for each Unit leased hereunder, as Interim Rent, in one installment due on the Basic Term Commencement Date, an amount equal to the Fixed Rent Factor provided in the applicable Acceptance Certificate, multiplied by Lessor's Cost for the applicable Unit, multiplied by the number of days in the Interim Term, divided by 360.

(b) Unless otherwise provided in an Acceptance Certificate, Lessee shall pay to Lessor rent for each Unit leased hereunder, as Basic Rent, in consecutive quarterly installments payable in arrears, with the first installment of rent with respect to such Unit of Equipment being due on the last day of the calendar quarter in which the Basic Term Commencement Date with respect to such Unit falls, and succeeding installments being due on the last day of each calendar quarter thereafter. "Basic Rent" shall be the amount determined by multiplying Lessor's Cost by the Fixed Rent Factor provided on the applicable Acceptance Certificate.

(c) Lessee shall also pay to Lessor, on demand, interest at the Late Charge Rate on any installment of rent and on any other amount owing hereunder which is not paid when due, for any period for which the same shall be overdue. Each payment made under this Lease shall be applied first to the payment of interest then owing and then to rent or other amounts owing hereunder. Interest shall be computed on the basis of a 360-day year and actual days elapsed.

(d) This Lease is a net lease, and Lessee's obligation to pay all rent and all other amounts payable hereunder is ABSOLUTE

AND UNCONDITIONAL under any and all circumstances and shall not be affected by any circumstances of any character whatsoever, including, without limitation, (i) any setoff, counterclaim, recoupment, defense, abatement or reduction or any right which Lessee may have against Lessor, the manufacturer or supplier of any of the Equipment or anyone else for any reason whatsoever; (ii) any defect in the title, condition, design or operation of or lack of fitness for use of, or any damage to, or loss of, all or any part of the Equipment from any cause whatsoever; (iii) the existence of any Lien or Lessor's Lien with respect to the Equipment; (iv) the invalidity, unenforceability or disaffirmance of this Lease or any other document related hereto; or (v) the prohibition of or interference with the use or possession by Lessee of all or any part of the Equipment, for any reason whatsoever, including, without limitation, by reason of (1) claims for patent, trademark or copyright infringement; (2) present or future governmental or non-governmental laws, rules, regulations, or orders; (3) the insolvency, bankruptcy or reorganization of any person; and (4) any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which may at any time hereafter be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any Equipment. Except as otherwise expressly provided herein, if for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, Lessee will nonetheless pay to Lessor an amount equal to each installment of rent at the time such installment would have become due and payable in accordance with the terms hereof. Each payment of rent or other amount paid by Lessee hereunder shall be final and Lessee will not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

5. Disclaimer; Assignment of Warranties.

(a) LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE AND LESSEE HEREBY EXPRESSLY WAIVES ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO THE DESIGN, QUALITY OR CONDITION OF THE EQUIPMENT OR ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE OR AS TO THE TITLE TO OR LESSOR'S OR LESSEE'S INTEREST IN THE EQUIPMENT OR AS TO ANY PATENT, TRADEMARK OR COPYRIGHT OWNERSHIP OR INFRINGEMENT OR AS TO ANY OTHER MATTER RELATING TO THE EQUIPMENT OR ANY PART THEREOF.

LESSEE CONFIRMS THAT IT HAS SELECTED THE EQUIPMENT AND EACH PART THEREOF ON THE BASIS OF ITS OWN JUDGMENT AND EXPRESSLY

DISCLAIMS RELIANCE UPON ANY STATEMENTS, REPRESENTATIONS OR WARRANTIES MADE BY LESSOR, AND LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MERCHANT WITH RESPECT TO THE EQUIPMENT AND IS NOT A MANUFACTURER OR VENDOR OF ANY PART OF THE EQUIPMENT.

LESSOR NEITHER MAKES NOR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCOUNTING TREATMENT TO BE ACCORDED TO THE TRANSACTIONS CONTEMPLATED BY THIS LEASE OR AS TO ANY TAX CONSEQUENCES AND/OR TAX TREATMENT THEREOF.

(b) Lessor hereby assigns to Lessee such rights as Lessor may have (to the extent Lessor may validly assign such rights) under all manufacturers' and suppliers' warranties with respect to the Equipment; provided, however, that the foregoing rights shall automatically revert to Lessor upon the occurrence and during the continuance of any Event of Default hereunder, or upon the return of the Equipment to Lessor. Lessee agrees to settle all claims with respect to the Equipment directly with the manufacturers or suppliers thereof, and to give Lessor prompt notice of any such settlement and the details of such settlement.

6. Return; Storage; Purchase Option;
Renewal Option; Early Termination Option.

(a) Return. Lessee shall, upon the expiration of the Lease Term of each Unit or any earlier termination hereof, return such Unit to Lessor at such location on the rail lines, in existence upon the Lease Commencement Date, of Lessee and its affiliates as Lessor shall designate in writing to Lessee. Until such Unit is returned to Lessor pursuant to the provisions of this Section and the condition thereof is accepted by Lessor, all of the provisions of this Lease with respect thereto shall continue in full force and effect except that rent shall accrue at 150% of the rate effective prior to such expiration or termination. Lessee shall pay all the costs and expenses in connection with or incidental to the return of the Equipment, including, without limitation, the cost of assembling, insuring and transporting the Equipment. At the time of such return, the Equipment shall be in the condition and repair required to be maintained by Section 11 hereof and free of all accumulations or residues and free and clear of all Liens. Each Unit shall be in a condition such that it will be in compliance with all rules of AAR and FRA and acceptable in unrestricted interchange in the United States and Canada after a change of reporting marks and user. Lessee will comply with the additional return obligations that may be included in the applicable Acceptance Certificate.

(b) Storage. On or before the expiration of the Lease Term or applicable Renewal Term with respect to any Unit, Lessee

shall cause such Units to be moved, at its own expense and risk, onto storage facilities on the lines of the Lessee or an affiliate. If Lessor does not specify such locations, Lessee will inform Lessor of the location it intends to store such Units at least thirty (30) days prior to moving such Units to storage. Lessee shall provide for storage, at no cost to Lessor for a period of ninety 90 days after the latest of the end of the Lease Term, the end of a Renewal Term or return of all such Units. All storage fees (including those that may accrue after the Lease Term or Renewal Term) payable on tracks or facilities shall be paid directly by Lessee. The assembling, delivery, storage and transporting of the Equipment as herein provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to cause the assembling, delivery, storage and transporting of the Equipment. If any Unit suffers an Event of Loss during any storage period provided for in this section, Lessee shall pay to Lessor the Stipulated Loss Value of such Unit as determined in accordance with this Lease. Lessee shall pay rental at 150% of the rate provided herein for any Unit not returned to Lessor or placed in storage in accordance with the terms hereof immediately upon expiration or the termination of the initial or any extended term of this Lease until return. Nothing contemplated by this section, including payment of the above-specified amounts, shall be deemed to relieve Lessee from its obligations to Lessor to deliver and store the Units or affect Lessor's rights and remedies with respect to such obligation.

(c) Purchase Option. So long as no Default or Event of Default shall have occurred and be continuing, Lessee may, by written notice given to Lessor at least 180 days (but not more than 360 days) prior to the expiration date of the Lease Term or any Renewal Term with respect to the Units described in any Acceptance Certificate (which notice shall be irrevocable), elect to purchase all (but not less than all) of the Units described in such Acceptance Certificate on such expiration date for a cash purchase price equal to the Fair Market Sale Value of such Units determined as of such expiration date, plus an amount equal to all taxes (other than income taxes on any gain on such sale), costs and expenses (including legal fees and expenses) incurred or paid by Lessor in connection with such sale. Upon payment by Lessee of such purchase price, and of all other amounts then due and payable by Lessee hereunder, Lessor shall transfer title to such Equipment to Lessee on an "as-is, where-is" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Liens.

(d) Renewal Option. Provided that this Lease has not been earlier terminated and that no Default or Event of Default shall have occurred and be continuing hereunder at both the time of election and the time of renewal, Lessee may, by written notice delivered to Lessor (which notice shall be irrevocable) not less than 180 days (but not more than 360 days) prior to the end of the Lease Term in respect to all of the Units described in an Acceptance Certificate, elect to renew this Lease for one (1) period of three (3) years commencing upon the expiration date of the Lease Term (the "Renewal Term"). The amount of rentals ("Renewal Rent") shall be an amount equal to the Fair Market Rental Value as of the end of the Lease Term, payable quarterly in arrears, in the same manner as during the initial Lease Term. In the event of any such renewal, the Stipulated Loss Value payable in respect of an Event of Loss involving any Unit shall be the higher of the Stipulated Loss Value in effect for the last Rent Payment Date during the initial Lease Term or the Fair Market Sale Value thereof immediately preceding such Event of Loss. All other terms of this Lease shall apply during the Renewal Term. The parties will execute an extension agreement at the time of any such renewal, which will be filed with the ICC. Lessee shall have no right to terminate the Lease during any Renewal Term for any reason other than an Event of Loss.

(e) Early Termination Option. So long as no Default or Event of Default shall have occurred and be continuing, Lessee shall have the right, at its option, upon at least 180 days (but not more than 360 days) prior written notice to Lessor, which notice shall be irrevocable, to terminate the lease hereunder of all, but not less than all, of the Equipment on the Termination Date. On the Termination Date, Lessee will return and store all of the Equipment to Lessor as provided in Sections 6(a) and 6(b) hereof and pay to Lessor (1) an amount equal to the product of the Termination Factor multiplied by the total Lessor's Cost for the Equipment, as a remarketing fee; and (2) all rent and other amounts due hereunder on or prior to the Termination Date.

7. Representations and Warranties. In order to induce Lessor to enter into this Lease and to lease the Equipment to Lessee hereunder, Lessee represents and warrants that:

(a) Organization. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Power and Authority. Lessee has full power, authority and legal right to execute, deliver and perform this

Lease, and the execution, delivery and performance hereof has been duly authorized by all necessary corporate action of Lessee.

(c) Enforceability. This Lease has been duly executed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms.

(d) Consents and Permits. The execution, delivery and performance of this Lease does not require any stockholder approval or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee, and will not contravene any law, regulation, judgment or decree applicable to Lessee, or the certificate of incorporation or bylaws of Lessee, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon any property of Lessee under any mortgage, instrument or other agreement to which Lessee is a party or by which Lessee or its assets may be bound or affected; and no authorization, approval, license, filing or registration with any court or governmental agency or instrumentality is necessary in connection with the execution, delivery, performance, validity and enforceability of this Lease.

(e) No Defaults. Lessee is not in default, and no event or condition exists which after the giving of notice or lapse of time or both would constitute an event of default, under any mortgage, indenture, contract, agreement, judgment or other undertaking to which Lessee is a party or which purports to be binding upon Lessee or upon any of the assets of Lessee, except for any such default, event or condition which, individually or in the aggregate, would not affect Lessee's ability to perform its obligations under this Lease or any such mortgage, indenture, contract, agreement, judgment or other undertaking.

(f) Title to Equipment. Lessor shall have good and marketable title to each Unit upon Lessor's payment of the purchase price thereof.

(g) No Litigation. There is no action, suit, investigation or proceeding by or before any court, arbitrator, administrative agency or other governmental authority pending or threatened against or affecting Lessee (A) which involves the Equipment or the transactions contemplated by this Lease; or (B) which, if adversely determined, could have a material adverse effect on the financial condition, business or operations of Lessee.

(h) Financial Condition. The financial statements of Lessee heretofore furnished to Lessor are complete and correct and fairly present the financial condition of Lessee and the results of its operations for the respective periods

covered thereby, there are no known contingent liabilities or liabilities for taxes of Lessee or Guarantor which are not reflected in said financial statements; and since the date thereof, there has been no material adverse change in such financial condition or operations.

(i) Chief Executive Office; Name Change; Trade Styles. Lessee's chief executive office is located at Maple Road, Joliet, Illinois. Lessee has not changed its name or used any trade styles in the last five (5) years, except EJ&E Acquisition, Inc.

(j) Stock Ownership. All of the issued and outstanding stock of Lessee is held by the Guarantor.

(k) Tax Representations. The Lessee represents and covenants to the Lessor the following (the "Tax Representations"):

(i) United States Source Income. Throughout the Lease Term thereof, no Unit shall be used in a way that results in the creation of an item of income, gain, deduction, loss or credit to or for Lessor, the source of which for federal income tax purposes is without the United States.

(ii) Inclusion in Income. Lessor will not be required to include in its gross income any amount of rent prior to the period for which such amount is payable in accordance with the terms of this Lease.

(iii) Depreciation. Each Unit is property to which Sections 168(b)(1), 168(c) and 168(d) of the Code apply.

(iv) Limited Use Property. No Unit is or will be "limited use property" within the meaning of IRS Revenue Procedure 76-30.

(v) No Inconsistent Action. Lessee has not taken and will not take any action in connection with filing its federal income tax returns that would be inconsistent with any of the Assumptions set forth in Subsection 10(b)(i) hereof.

(vi) Public Utility Property. At all times during the Lease Term, no Unit will constitute "public utility property" within the meaning of Sections 168(f)(2) of the Code.

(vii) Non-Permitted Use. Lessee will not permit any Unit to be used by a tax-exempt organization, a governmental unit or a foreign person within the meaning of Sections 48(a)(4), 48(a)(5) or 168(h)(2) of the Code.

(viii) No Improvements. On the Commencement Date of each Unit, no improvements, modifications or additions to any Unit are required in order to render such Unit complete for its intended use.

(ix) Listed Property. No Unit will constitute "listed property" within the meaning of Section 280F(d)(4) of the Code during the Lease Term.

(x) Tax Exempt Use. No Unit will be "tax exempt use property" within the meaning of Section 168(h)(1) of the Code.

(xi) Predominant Use. No Unit will be used "predominantly outside the United States" within the meaning of Section 168(g)(4) of the Code.

(xii) Purchase of Equipment. At each applicable Interim Term Commencement Date, Lessee has been fully reimbursed for all amounts paid by Lessee or its affiliates to any manufacturer or supplier with respect to any Units.

8. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Equipment.

9. Insurance. Lessee shall maintain at all times on the Equipment, at its expense, "all-risk" physical damage insurance and comprehensive general liability insurance (covering bodily injury, property damage and pollution exposures, including, but not limited to, contractual liability and products liability) in such amounts, against such risks, in such form and with such insurers as shall be satisfactory to Lessor; provided, that the amount of "all-risk" physical damage insurance shall not on any date be less than the greater of the full replacement value or the Stipulated Loss Value of the Equipment as of such date. Such insurance policy will, among other things, name Lessor as an additional named insured or as loss payee (as the case may be), require that the insurer give Lessor at least thirty (30) days prior written notice (at the address for notice to Lessor set forth in Section 24 hereof) of any alteration in or cancellation of the terms of such policy, and require that the interests of Lessor be continually insured regardless of any breach of or violation by Lessee of any warranties, declarations or conditions contained in such insurance policy. Lessee, upon

approval by Lessor (which Lessor may deny in its reasonable discretion), given to Lessee, shall have the right to self-insure for all or a portion of the required physical damage insurance under this section and/or any portion of the required comprehensive general liability insurance required under this section. Lessor shall condition its approval of such self-insurance upon, among other things, no Default hereunder and no adverse change in Lessee's business or financial condition during such period of self-insurance. In no event shall Lessor be responsible for premiums, warranties or representations to any insurer or agent thereof. At Lessor's option, Lessee shall furnish to Lessor a certificate or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty to ascertain the existence or adequacy of such insurance. The insurance maintained by Lessee shall be primary without any right of contribution from insurance which may be maintained by Lessor. The obligations of Lessee under this Section shall be independent of all other terms under this Lease and shall in no event relieve Lessee from any indemnity obligation hereunder.

10. Taxes.

(a) General Tax Indemnity. Lessee hereby agrees to pay on an after-tax basis and to indemnify and hold Lessor harmless from and against, all fees, taxes (whether sales, use, excise, value added, personal property or other taxes), imposts, duties, withholdings, assessments and other governmental charges of whatever kind or character, however designated (together with any penalties, fines or interest thereon), all of the foregoing being herein collectively called "Impositions", which are at any time levied or imposed against Lessor, Lessee, this Lease, the Equipment or any part or Unit thereof by any federal, state or local government or taxing authority in the United States or by any foreign government or any subdivision or taxing authority thereof upon, with respect to, as a result of or measured by (i) the Equipment (or any part or Unit thereof), or this Lease or the interest of the Lessor therein; or (ii) the purchase, ownership, delivery, leasing, possession, maintenance, use, operation, return, sale or other disposition of the Equipment or any part or Unit thereof; or (iii) the rentals, receipts or earnings payable under this Lease or otherwise arising from the Equipment or any part thereof; excluding, however, taxes based on or measured by the net income of Lessor that are imposed by (1) the United States of America, or (2) any State of the United States of America or any political subdivision of any such state in which Lessor is subject to Impositions as the result (whether solely or in part) of business or transactions unrelated to this Lease. Lessee shall pay when due all such Impositions to the appropriate authority which are imposed on Lessee directly by

any taxing authority. If any such Imposition is assessed against Lessor, Lessee shall pay such Imposition to Lessor or the appropriate authority within five (5) business days of receipt of written notice from Lessor, as directed in such notice. If Lessee fails to pay any Imposition when due pursuant hereto, Lessor shall pay, and, promptly upon receipt of Lessor's invoice therefor, Lessee shall reimburse Lessor for paying, the Impositions, with interest at the Late Charge Rate. In case any report or return is required to be filed with respect of any obligation of Lessee under this Subsection 10(a) or arising out of this Subsection 10(a), Lessee shall make such report or return in such manner as will show the ownership of the Equipment in Lessor. The obligations of Lessee under this Subsection 10(a) shall survive the expiration or earlier termination of this Lease.

(b) Special Tax Indemnities.

(i) Lessor has calculated the periodic rentals and Stipulated Loss Values based in part on Lessee's representations and warranties herein and on the following assumptions:

(A) that Lessor will be entitled to depreciation deductions (the "Depreciation Deductions") under Section 168(a) of the Code for each Unit in an amount determined, commencing with the taxable year in which such Unit is accepted hereunder, by using (i) the method described in Section 168(b)(1) of the Code, (ii) an applicable recovery period of seven (7) years, and (iii) an initial adjusted basis equal to the Lessor's Basis of such Unit; and that Lessor will be entitled to amortization of expenses (the "Amortization Deductions") paid or to be paid by Lessor, if any, in connection with this Lease at a rate no less rapid than straight line over the Initial Lease Term;

(B) that the rate of tax imposed on the federal taxable income of Lessor will be 34%; that the rate of state and local income taxes imposed on Lessor will be 8.0%; that the rate of state and local taxes imposed on or measured by the net income of Lessor (after benefit of the deduction for such state and local taxes for federal income tax purposes) will be 2.72%; and that the net income upon which such state and local taxes will be imposed will equal Lessor's federal taxable income, so that Lessor's federal taxable income will be subject to an overall effective rate of 39.28%;

(C) that Lessor will have sufficient gross income within the meaning of Section 61(a) of the Code to fully benefit from the Depreciation Deductions and the Amortization Deductions; and

(D) that, for federal income tax purposes, Lessor shall be entitled to treat each item of income, gain, loss, deduction and credit with respect to the Equipment as derived from, or allocable to, sources within the United States.

(ii) If on any one or more occasions as a direct or indirect result in whole or in part of (A) any act or failure to act by Lessee, or any user or person in possession of any of the Equipment, (B) any breach, inaccuracy or incorrectness of any representation, warranty, covenant or agreement of Lessee hereunder or in any related document or agreement or (C) any Event of Default, (1) Lessor shall lose, shall not have or shall lose the right to claim or counsel for Lessor shall determine that Lessor does not have substantial authority (within the meaning of Section 6661 of the Code and the regulations promulgated thereunder) for claiming, or there shall be disallowed, recalculated, or recaptured all or any portion of the Tax Benefits, or (2) any item of income, gain, loss, deduction or credit with respect to the Equipment shall be treated as derived from, or allocable to, sources without the United States and as a consequence thereof Lessor shall be able to utilize as a credit against its federal income tax liability in any year, a smaller amount of foreign taxes than it would have been able to utilize had such item of income, gain, loss, deduction or credit not been treated as derived from, or allocable to, sources without the United States (hereinafter each of the events described in the foregoing clauses (1) and (2) of this Subsection 10(b)(ii) shall be referred to individually as an "Indemnity Event"), then, in connection with each such occasion Lessee agrees to pay Lessor from time to time upon demand an amount which, on an after tax basis, shall be equal to the sum of (A) the amount of additional income taxes paid or payable by Lessor (computed in accordance with Subsection 10(b)(iv) hereof) as a result of such Indemnity Event; (B) any interest or penalty which may be assessed in connection with any of the foregoing, including, without limitation, any addition to tax due to the underpayment of estimated taxes assessed against Lessor in connection therewith.

(iii) If for any reason Lessor is required to include in its gross income for federal, state or local income tax purposes at any time with respect to any Unit (unless entitled to an equal deduction in the same taxable year) any part or all of the cost of (A) any repairs and maintenance of any Unit, (B) any alterations, modifications, improvements or additions to any Unit, or (C) any other expenditures by Lessee with respect to any Unit, then Lessee shall pay Lessor, upon demand, the sum of (1) the amount of any increase in Lessor's federal, state and local income taxes resulting from the inclusion of such costs in the gross income of Lessor, such amount to be decreased by any savings by Lessor in such taxes resulting from such costs, (2) the amount of any interest or penalties, including any addition to tax due to the underpayment of estimated taxes, assessed against Lessor in connection therewith, and (3) the amount of any taxes required to be paid by Lessor in respect of the receipt of amounts specified in clauses (1) and (2) above and this clause (3), provided, that for purposes of determining the

amount of taxes required to be paid by Lessor in respect of the receipt of said indemnity amounts, it shall be assumed that federal, state and local taxes are payable by Lessor at the highest marginal statutory rates in effect for the relevant period.

(iv) Calculation by Lessor of any indemnity amounts payable by Lessee under this Subsection 10(b) shall be made by Lessor on a pro-forma basis, holding constant the Assumptions, except those Assumptions which are themselves affected by the Indemnity Event or any previous Indemnity Event, and measuring the impact of those changed Assumptions on the original pricing model, and on the basis of the following additional assumptions: that in computing its federal, state and local income tax liability (1) Lessor can concurrently fully utilize the Tax Benefits that are the subject of an Indemnity Event against federal income taxes payable at the highest marginal federal corporate income tax rates then in effect and against state and local taxes at the weighted average of the highest marginal rates (computed on the assumption that Lessor has sufficient taxable income for state and local tax purposes to be subject to tax at the highest marginal corporate rates) to which Lessor is then subject (the over-all effective rate of tax so determined being hereinafter called the "Effective Rate"), (2) in the event Lessor is required to include in its gross income any amount described in clause (ii)(2) or paragraph (iii) of this Subsection 10(b), Lessor will be subject to federal, state and local taxes on any such amount at the Effective Rate, and (3) each Indemnity Event will result in state and local income tax consequences to Lessor that mirror Lessor's federal income tax consequences. At Lessor's option, indemnity payments with regard to a given Indemnity Event may take the form of a single payment or of an adjustment to rentals, either over the remainder of the Lease Term or retroactive to the Commencement Date or a combination of the foregoing. In any case Stipulated Loss Values shall be adjusted by Lessor to those values determined by Lessor as necessary to maintain Lessor's Economics, and in a manner consistent with the calculation of indemnity payments. In no event will Lessee be entitled to inspect the tax returns of Lessor, or any other document which Lessor deems to be confidential.

(v) If any indemnity payments shall be made by Lessee under this Subsection 10(b), then for purposes of calculating any indemnity payments required to be made by reason of any subsequent Indemnity Event, the Assumptions shall be revised, if necessary, to reflect the altered tax consequences which gave rise to indemnity payments required to be made pursuant to this Subsection 10(b).

(vi) For the purposes of this Subsection 10(b) only, the term "Lessor" shall include the "common parent" and all other corporations included in the affiliated group, within the meaning of Section 1504 of the Code (or any other successor section thereto), of which Lessor is or becomes a member.

(vii) The provisions of this Subsection 10(b) shall survive the expiration or earlier termination of this Lease.

(c) After Tax Basis. For the purpose of this Section 10 an indemnity on an "after tax basis" shall mean after deduction of all taxes required to be paid by Lessor in respect of the receipt of said indemnity amount under the laws of any federal, state or local government or taxing authority of the United States or of any taxing authority or government subsidiary of any foreign country, provided, that for purposes of determining the amount of taxes required to be paid by Lessor in respect of the receipt of said indemnity amount, it shall be assumed that federal, state and local taxes are payable by Lessor at the highest marginal statutory rates in effect for the relevant period.

11. Compliance with Laws; Operation and Maintenance; Additions.

(a) Lessee will use the Equipment in a careful and proper manner, will comply with and conform to all governmental laws, rules and regulations and industry association rules and regulations relating thereto, and will cause the Equipment to be operated in accordance with the manufacturer's or supplier's instructions or manuals. Without limitation to the generality of the foregoing, Lessee will (i) cause the Equipment to be used in compliance with all rules and recommendations of AAR and FRA; (ii) will not permit any Unit to be loaded improperly or in excess of the load limit stenciled thereon; (iii) will not permit any Unit to be loaded with any commodity other than the Commodity, and in no event will any hazardous material, hazardous commodity, hazardous waste or hazardous substance be loaded in any Unit; and (iv) will not permit any Unit to be outside the continental United States at any time except for incidental use in Canada.

(b) Lessee will, at its own expense, keep and maintain the Equipment in good repair, condition and working order and furnish all parts, replacements, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, reasonable wear and tear excepted. Lessee will cause each Unit to be maintained in conformance with all rules and

regulations of AAR and FRA and, if mandated, modified so that it will qualify for unrestricted interchange in the United States and Canada and remain suitable for loading, transporting and unloading the Commodity. All such repairs, parts, mechanisms, devices, replacements and modifications shall immediately, without further act, become the property of Lessor and part of the Equipment.

(c) Lessee will not make or authorize any improvement, change, addition or alteration to the Equipment (i) if such improvement, change, addition or alteration will impair the originally intended function or use of the Equipment or impair the value of the Equipment as it existed immediately prior to such improvement, change, addition or alteration; (ii) unless the parts installed are new and in compliance with all rules and recommendations of AAR and FRA; or (iii) if any parts installed in or attached to or otherwise becoming a part of the Equipment as a result of any such improvement, change, addition or alteration shall not be readily removable without damage to the Equipment (unless such improvement is mandated by AAR, FRA or other agency or organization having jurisdiction over the Equipment). All such parts shall be and remain free and clear of any Liens. Any such part attached to any Unit shall, without further act, become the property of Lessor and part of the Equipment.

12. Inspection. Lessor shall have the right at its own expense, by its agents, to inspect the Equipment and the operating and maintenance records of Lessee pertaining to the Equipment. Lessee will at all times requested by Lessor cooperate with and assist Lessor in locating and gaining access to the Equipment.

13. Identification. Lessee shall, at its own expense, attach to and cause to be maintained on each Unit a notice satisfactory to Lessor disclosing Lessor's ownership of such Unit. The following notice will initially be satisfactory if stenciled or contained in a placard attached to each side of each Unit in letters having a height of one inch or more and continually legible:

"SUBJECT TO LEASE OR SECURITY INTEREST FILED WITH U.S.
INTERSTATE COMMERCE COMMISSION."

14. [Intentionally omitted]

15. Loss or Damage.

(a) All risk of loss, theft, damage or destruction to the Equipment or any part or Unit thereof, however incurred or occasioned, shall be borne by Lessee and, unless such occurrence

constitutes an Event of Loss pursuant to Subsection (b) of this Section 15, Lessee shall promptly give Lessor written notice thereof and shall promptly cause the affected part or parts of any Unit to be replaced or restored to the condition and repair required to be maintained by Section 11 hereof.

(b) If an Event of Loss with respect to any Unit shall occur, Lessee shall promptly give Lessor written notice thereof, and Lessee shall pay to Lessor on or before the next Loss Payment Date an amount equal to the sum of (i) the Stipulated Loss Value of such Unit computed as of the Rent Payment Date with respect to such Unit on or immediately preceding the date of the occurrence of such Event of Loss; and (ii) all rent and other amounts due and owing hereunder for such Unit on or prior to the Loss Payment Date. Upon payment of such amount to Lessor, the lease of such Unit hereunder shall terminate, and Lessor will transfer to Lessee Lessor's right, title and interest in and to such Unit, on an "as-is, where-is" basis, without recourse and without representation or warranty, express or implied, other than a representation and warranty that such Unit is free and clear of any Lessor's Liens.

(c) Any payments received at any time by or for the benefit of Lessor or Lessee from any insurer or railroad with respect to loss or damage to any Unit shall be applied as follows: (i) if such payments are received with respect to an Event of Loss they shall be paid to Lessor, but to the extent received by Lessor, they shall reduce or discharge, as the case may be, Lessee's obligation to pay the amounts due to Lessor under Subsection 15(b) hereof with respect to such Event of Loss and any excess over the Stipulated Loss Value will be paid to Lessee; or (ii) if such payments are received with respect to any loss of or damage to the Equipment other than an Event of Loss, such payments shall, unless a Default or Event of Default shall have occurred and be continued, be paid over to Lessee to reimburse Lessee for its payment of the costs and expenses incurred by Lessee in replacing or restoring pursuant to Subsection 15(a) hereof the part or parts of the Equipment which suffered such loss or damage.

16. General Indemnity. Lessee assumes liability for, and shall indemnify, protect, save and keep harmless Lessor and its agents, servants, officers, directors, employees, attorneys, affiliates, successors and assigns (each, an "Indemnatee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including legal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted against any Indemnatee, in any way relating to or arising out of this Lease or the enforcement hereof, or the manufacture, purchase, acceptance, rejection,

ownership, possession, use, selection, delivery, lease, operation, condition, sale, return or other disposition of the Equipment or any part or Unit thereof (including, without limitation, latent or other defects, whether or not discoverable by Lessee or any other person, any claim in tort for strict liability and any claim for patent, trademark or copyright infringement); provided, however, that Lessee shall not be required to indemnify any Indemnatee for loss or liability arising from acts or events which occur after the Equipment has been returned to Lessor in accordance with this Lease, or for loss or liability resulting solely from the willful misconduct or gross negligence of such Indemnatee. Any payments made by Lessee under this Section 16 shall be made on an after-tax basis. The provisions of this Section 16 shall survive the expiration or earlier termination of this Lease.

17. Events of Default. The following events shall each constitute an event of default (herein called "Event of Default") under this Lease:

(a) Lessee shall fail to make any payment due hereunder within five (5) business days after the same shall have become due; or

(b) Lessee shall fail to maintain the insurance required by Section 9 hereof or to perform or observe any of the warranties or covenants contained in Subsection 7(j)(iv) or Sections 20 or 21 hereof; or

(c) Lessee shall fail to perform or observe any other warranty, covenants, condition or agreement to be performed or observed by it with respect to this Lease and such failure shall continue unremedied for 30 days after the earlier of (a) the date on which Lessee obtains knowledge of such failure; or (b) the date on which notice thereof shall be given by Lessor to Lessee; or

(d) any representation or warranty made by Lessee herein or in any document, certificate or financial or other statement now or hereafter furnished Lessor in connection with this Lease shall prove at any time to have been untrue or misleading in any material respect as of the time when made; or

(e) Guarantor shall be in default under the Guaranty; or

(f) the entry of a decree or order for relief by a court having jurisdiction in respect of Lessee adjudging Lessee a bankrupt or insolvent, or approving as properly filed a petition seeking a reorganization, arrangement, adjustment or composition of or in respect of such entity in an involuntary proceeding or case under the federal bankruptcy laws, as now or

hereafter constituted, or any other applicable federal, state or foreign bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Lessee or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 30 days; or

(g) the institution by Lessee of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the commencement by such entity of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal, state or foreign bankruptcy, insolvency or other similar law, or the consent by it to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Lessee or of any substantial part of its property, or the making by it of any assignment for the benefit of creditors or the admission by it of its inability to pay its debts generally as they become due or its willingness to be adjudicated a bankrupt or the failure of Lessee generally to pay its debts as they become due or the taking of corporate action by Lessee in furtherance of any of the foregoing; or

18. Remedies. If an Event of Default described in Subsections 17(f) or (g) above shall occur, then, and in any such event, this Lease shall automatically, without any notice or other action by Lessor, be deemed to be in default, and if any other Event of Default shall occur and be continuing, then, and in any such event, Lessor may, at its option, declare this Lease to be in default; and at any time after this Lease shall be deemed to be in default pursuant to this sentence or be declared to be in default, Lessor may do any one or more of the following with respect to all of the Equipment or any part thereof as Lessor in its sole discretion shall elect, to the extent permitted by applicable law then in effect:

(a) demand that Lessee, and Lessee shall at its expense upon such demand, return the Equipment promptly to Lessor at such place or places in the continental United States as Lessor shall specify, or Lessor, at its option, may enter upon any

property where any Unit is located and take immediate possession of such Unit and remove the same by summary proceedings or otherwise, all without liability for or by reason of such entry or taking of possession, whether for the restoration of damage of property caused by such taking or otherwise;

(b) sell the Equipment or any Unit at public or private sale, with or without notice, advertisement or publication, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment or any Unit as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto;

(c) by written notice to Lessee specifying a payment date, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Equipment due on all Rent Payment Dates up to and including the payment date specified in such notice plus an amount (together with interest on such amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment) equal to the excess, if any, of the Stipulated Loss Value of the Equipment as of the payment date specified in such notice over the Fair Market Sale Value of the Equipment as of such date;

(d) by written notice to Lessee specifying a payment date, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty, all accrued and unpaid rent for the Equipment due on all Rent Payment Dates up to and including the payment date specified in such notice, plus an amount (together with interest on such amount at the Late Charge Rate, from the payment date specified in such notice to the date of actual payment) equal to the Stipulated Loss Value for the Equipment computed as of the payment date specified in such notice; and upon such payment of liquidated damages and the payment of all other amounts then due hereunder, Lessor shall proceed to exercise its best efforts promptly to sell the Equipment in any quantity and shall pay over to Lessee the net proceeds of such sale (after deducting from such proceeds all costs and expenses whatsoever incurred by Lessor in connection therewith and all other amounts which may become payable by Lessor) up to the amount of the Stipulated Loss Value actually paid;

(e) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to terminate this Lease.

In addition, Lessee shall be liable for any and all unpaid rent and other amounts due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the placing of the Equipment in the condition required by Section 11 hereof.

NO REMEDY REFERRED TO IN THIS SECTION 18 IS INTENDED TO BE EXCLUSIVE BUT EACH SHALL BE CUMULATIVE AND IN ADDITION TO ANY OTHER REMEDY REFERRED TO HEREIN OR OTHERWISE AVAILABLE TO LESSOR AT LAW OR IN EQUITY; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of an Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use the Equipment in mitigation of Lessor's damages or losses or which may otherwise limit or modify any of Lessor's rights or remedies under his Lease.

19. Lessor's Right to Perform. If Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Charge Rate, shall be deemed to be additional rent, payable by Lessee on demand.

20. Assignment or Sublease. Except as expressly provided herein, LESSEE WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, ASSIGN THIS LEASE OR ANY INTEREST HEREIN OR SUBLEASE OR OTHERWISE TRANSFER ITS INTEREST IN ANY UNIT, AND ANY ATTEMPTED ASSIGNMENT, SUBLEASE OR OTHER TRANSFER BY LESSEE IN VIOLATION OF THIS PROVISION SHALL BE VOID; provided, however, Lessee may place the Equipment in interchange in accordance with industry custom so long as such Units remain subject to this Lease and Lessee remains the primary obligor hereunder. Lessee may, subject to its prior written notice to Lessor, (a) sublease all or less than all of the Equipment to a domestic corporation that is a railroad subject to the jurisdiction of the ICC of which Guarantor holds at least fifty percent (50%) of each class of capital stock issued and outstanding thereby at the time of commencement of such sublease; provided, that, prior to the commencement of such sublease, (i) the proposed sublessee has duly executed and delivered to Lessor a subordination

agreement in form and substance satisfactory to Lessor; (ii) the terms of such sublease do not conflict, in any way, with the terms of the Lease or the transactions contemplated hereby, and would not cause any adverse tax impact on the Lessor or the Lease; (iii) Lessee and Guarantor remain fully liable on the Lease in accordance with the terms hereof; and (iv) Lessor has received from Lessee or the proposed sublessee, as the case may be, all such documentation, records or other materials required by Lessor, including without limitation, an assignment of such sublease and the sole sublessor's original of such sublease; or (b) assign the Lease to a domestic corporation that is a railroad subject to the jurisdiction of the ICC of which Guarantor holds at least 50% of each class of capital stock issued and outstanding thereby at the time of such assignment; provided that (i) Guarantor remains fully liable on the Lease in accordance with its terms; (ii) the proposed assignee executes an assumption agreement, in form and substance satisfactory to Lessor; (iii) the assignment would not cause any adverse tax impact on the Lessor or the Lease, and (iv) Lessor has received from Lessee or the proposed assignee, as the case may be, all such documentation, records or other materials required by Lessor.

21. No Changes in Lessees.

[SEE PAGE 26A]

22. Further Assurances; Financial Information; Reports.

(a) Lessee will, at its own expense, promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time request in order to more effectively carry out the intent and purpose of this Lease and to establish and protect the rights, interests and remedies created or intended to be created in favor of Lessor hereunder. To the extent permitted by applicable law, Lessee hereby authorizes Lessor to file any financing statements and memoranda with respect to the Equipment without the signature of Lessee, notice of which will be provided to Lessee within a reasonable period of time. Lessee will also provide such information as Lessor may reasonably require from Lessee to enable Lessor to fulfill all of its tax filing obligations.

21. No Changes in Lessee.

(a) Lessee will provide to Lessor written notice at least thirty (30) days before any proposed closing to (i) enter into any transaction of merger or consolidation unless it is the surviving corporation and after giving effect to such merger or consolidation its tangible net worth equals or exceeds that which existed prior to such merger or consolidation; or (ii) liquidate or dissolve; or (iii) sell, transfer or otherwise dispose of all or any substantial part of its assets; or (iv) change the form of organization of its business. If Lessor receives the notice described in this Section 21(a) or as described in Section 5 of the Guaranty, Lessor shall have the option, exercisable within thirty days after receipt of such notice, to cause Lessee to purchase all of the Equipment then subject to the Lease at the greater of (x) its then Fair Market Sale Value or (y) the applicable Stipulated Loss Value at such time for all of the Equipment, plus in each case an amount equal to all taxes (other than income taxes on any gain on such sale), costs and expenses (including legal fees and expenses) incurred or paid by Lessor in connection with such sale. If such option is exercised, Lessee must pay the purchase price to Lessor in immediately available funds on or before the date that any of the transactions described in this Section 21(a) or in Section 5 of the Guaranty closes. Upon receipt by Lessor of such purchase price, and of all other amounts then due and payable by Lessee hereunder, Lessor shall transfer title to such Equipment to Lessee on an "AS-IS, WHERE-IS" basis, without recourse and without representation or warranty of any kind, express or implied, other than a representation and warranty that such Equipment is free and clear of any Lessor's Liens.

(b) Lessee will not (i) without thirty (30) days prior written notice of Lessor, change its name or its chief executive office; or (ii) cease to be a railroad subject to the jurisdiction of the ICC.

(b) Lessee will qualify to do business, and remain qualified in good standing, in each jurisdiction in which the nature of its activities from time to time may require.

(c) Lessee will furnish or cause to be furnished to Lessor the following reports: (i) as soon as available, but in any event not later than 90 days after the end of Lessee's fiscal year balance sheets as at the end of such fiscal year, and statements of income and statements of cash flow for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the Chief Financial Officer of Lessee; (ii) as soon as available, but in any event not later than 60 days after the end of each quarterly period of each fiscal year balance sheets as at the end of such quarterly period and statements of income for such quarterly period and for the portion of the fiscal year then ended, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of Lessee; (iii) promptly, such additional financial and other information of Lessee as Lessor may from time to time reasonably request; and (iv) within thirty (30) days after the end of each calendar year a report executed by an officer of Lessee certifying the identity of each Unit by serial number and running mark and number, the condition of such Unit, including all accessories, whether or not a Default has occurred under the Lease, that all taxes imposed on each Unit have been paid in full, and such other information as Lessor may reasonably request.

23. Recording. Lessee, at its own expense, will cause this Lease and all supplements and amendments to this Lease to be filed with the ICC pursuant to 49 U.S.C. Section 11303 and with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada (Chapter R-3 of the Revised Statutes of Canada). Lessee, at its own expense, will further cause this Lease and/or appropriate financing statements to be filed and recorded in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the States of Illinois, Indiana and Pennsylvania (and, if Lessee changes its chief place of business, in any other state) in the same manner as if Lessor's interest in this Lease represented a security interest and in any other state of the United States of America or the District of Columbia where filing is necessary or requested by Lessor. Lessee in addition will from time to time do and perform any act or execute, acknowledge and deliver to Lessor any and all further instruments required by law or any additional documents reasonably requested by Lessor for the purpose of proper protection, to their satisfaction, of its interest in the Equipment, or for the purpose of carrying out the intention of this Lease. This Lease and the applicable

Acceptance Certificate shall be filed with the ICC and with the Registrar General of Canada, as provided herein prior to or contemporaneous with Lessor's acquisition of the applicable Units. Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record any and all instruments required by the law of any jurisdiction in which use of any Unit may occur or requested by the Lessor for the purpose of proper protection of the title of Lessor and of fully carrying out and effectuating this Lease and the intent hereof.

24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be in writing, and any such notice shall become effective upon personal delivery thereof 24 hours following delivery to or deposit with a recognized overnight delivery service or three days after the date on which it shall have been deposited in the United States mail with return receipt requested, addressed as follows:

(i) if to Lessor, at

THE CIT GROUP/EQUIPMENT FINANCING, INC.
1211 Avenue of the Americas
New York, New York 10036
Attention: Senior Vice President-Credit

(ii) if to Lessee, at

ELGIN, JOLIET AND EASTERN RAILWAY COMPANY
Maple Road
Joliet, Illinois 60434

Attention: Treasurer

25. Identification Marks. Lessee will cause each Unit to be kept marked and numbered with the identifying mark and number set forth in Exhibit A or the applicable Acceptance Certificate. No Unit will bear any running marks other than those registered in the name of Lessee or a permitted assignee. Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such mark and number shall have been so marked on all sides thereof and will replace or cause to be replaced promptly any such marks and numbers that may be removed, defaced, obliterated or destroyed. Lessee will not change or permit to be changed the identifying mark or number of any Unit unless and until (i) a statement of new mark and/or number or numbers to be substituted therefor shall have been filed, recorded and deposited by Lessee in all public offices where this Lease or

any Acceptance Certificate shall have been filed, recorded and deposited by Lessee and (ii) Lessee shall have furnished Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's interests in such Units and no additional filing, recording, deposit or giving of notice with or to any other federal, state, provincial or local government or agency thereof is necessary to protect the interests of the Lessor in such Units. During the Lease Term and any Renewal Term, Lessee will not alter, deface, cover or remove such markings without the prior written consent of Lessor. At no time during the Lease term or any Renewal Term will any Unit bear reporting marks that are not owned by Lessee without the prior written consent of Lessor.

26. Conditions Precedent. (a) Lessor shall not be obligated to lease any Equipment to Lessee, and Lessor shall not be obligated to accept the first Acceptance Certificate hereunder, unless:

(i) Lessor shall have received evidence satisfactory to it of authority of Lessee to execute, deliver and perform this Lease and all documents in connection herewith, including a copy of Corporate Resolutions certified by the Secretary or an Assistant Secretary of the Lessee.

(ii) Lessor shall have received an incumbency and signature certificate of Lessee, dated the date of the Lease and in form and substance satisfactory of Lessor, setting forth the names and signatures of each officer of Lessee, authorized to sign this Lease, the Acceptance Certificate and all other instruments and documents relating thereto, which certificate may be relied on by Lessor until it receives written notice to the contrary;

(iii) Lessor shall have received an opinion of counsel for Lessee satisfactory to Lessor, dated the date of the first Acceptance Certificate and in form and substance satisfactory to Lessor, to the same effect as clauses (a) through (g), inclusive, of Section 7 hereof, and as to such other matters as Lessor may reasonably request;

(iv) Lessor shall have received evidence satisfactory to it as to the due compliance by Lessee with the provisions regarding insurance contained in Section 9 hereof;

(v) Lessor shall have received a duly executed copy of the Guaranty, dated the date of the first Acceptance Certificate, in form and substance satisfactory to Lessor;

(vi) Lessee shall have granted to Lessor a security interest in all agreements relating in any way to such Equipment and executed and recorded such documents as Lessor may request with respect thereto, substantially in the form of Exhibit E attached hereto;

(vii) Lessor shall have received an opinion of Lessee's and Guarantor's counsel, respectively, dated the date of the applicable Acceptance Certificate, in form and substance satisfactory to Lessor, including without limitation, an opinion to the effect that the transactions contemplated by this Lease qualify for protection under Section 1168 of the Code;

(viii) Lessor shall have received and found satisfactory Guarantor's Senior Bank Debt Agreement dated October 19, 1990, between Guarantor and Chemical Bank, as Agent; and

(ix) Lessor shall have received and found satisfactory a bank reference with respect to Lessee and Guarantor, respectively, from Chemical.

(b) Lessor shall not be obligated to accept and execute any Acceptance Certificate or to lease the Units described therein to Lessee hereunder unless:

(i) Lessor shall have received an appraisal report describing and appraising the applicable Units in form and substance satisfactory to Lessor;

(ii) Lessor shall have received good and marketable title to the applicable Units, free and clear of Liens and all such Units shall be satisfactory to Lessor in its sole discretion;

(iii) Such Uniform Commercial Code financing statements and other documents with respect to the Units as Lessor shall deem necessary or desirable in order to perfect and protect its interests therein shall have been duly executed and filed in such public offices as Lessor shall direct, including but not limited to, appropriate filings at the ICC and the Registrar General of Canada and Lessor shall have received a satisfactory opinion from special ICC counsel;

(iv) All representations and warranties of Lessee and all other parties contained herein or in any document or certificate furnished Lessor in connection herewith shall be true and correct with the same force and effect as if made on such date; no Event of Default or Default shall be in existence;

(v) In the sole judgment of Lessor, there shall have been no material adverse change in the business, financial condition or operations of Lessee or Guarantor;

(vi) All proceedings to be taken in connection with the transactions contemplated by this Lease, and all documents incidental thereto, shall be satisfactory in form and substance to Lessor and its counsel;

(vii) Lessor shall have received from Lessee, in form and substance satisfactory to it, such other documents and information, including without limitation, any supplements to previously executed documents, as Lessor shall reasonably request;

(viii) Lessor shall have received, reviewed and found satisfactory in its sole discretion the most recent financial statements of Lessee;

(ix) All legal matters in connection with the transactions contemplated by this Lease shall be satisfactory to Lessor's counsel;

(x) No Change in Tax Law, which in the sole judgment of Lessor would adversely effect Lessor's Economics, shall have occurred or shall appear, in Lessor's good faith judgment, to be imminent; and

(xi) Lessee shall have delivered to Lessor a certificate executed by its chief financial officer representing and warranting the following to be true with respect to each Unit on the commencement date of its Lease Term, dated the date of the applicable Acceptance Certificate:

(A) that a reasonable estimate of its Fair Market Sales Value at the end of its initial Lease Term is at least twenty percent (20%) of Lessor's Cost; and

(B) that a reasonable estimate of its useful life is at least one hundred twenty-five percent (125%) of its initial Lease Term;

(C) that the Equipment constitutes "seven year property" of Lessor and that the Equipment has an applicable recovery period of seven (7) years.

27. Additional Security and Covenants.

(a) As additional security for its obligations hereunder, Lessee assigns to Lessor any and all income and proceeds, derived by Lessee from any of the Units from whatever source derived, including without limitation from subleases, car hire and casualty settlements, provided that so long as no Event of Default has occurred, Lessee shall have the right to collect and make use of such income and proceeds;

(a) Lessee will provide, or direct any manager of any Unit to provide, to Lessor at all times with the pass key and other access information with respect to any register containing information relating to any Unit, including without limitation the Uniform Machine Language Equipment Register or any other register maintained by AAR, provided that Lessor shall not make use of such information to alter any register so long as no Event of Default has occurred.

(c) Lessee irrevocably grants to Lessor power of attorney to take any action in the name of Lessee (or otherwise) with respect to any Unit and in furtherance of collection of any income or proceeds relating to any Unit, provided that Lessor shall not execute such power so long as no Event of Default has occurred..

(d) During the Lease Term and any Renewal Term relating to any Unit, Lessee will not agree to the voluntary depreservation of the car hire rate for such Unit.

28. Miscellaneous.

(a) Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provision hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(b) Amendment; Waiver. NO TERM OR PROVISION OF THIS LEASE MAY BE CHANGED, WAIVED, DISCHARGED OR TERMINATED ORALLY, BUT ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTY AGAINST WHICH THE ENFORCEMENT OF THE CHANGE, WAIVER, DISCHARGE OR TERMINATION IS SOUGHT. No delay or failure on the part of Lessor of exercise any power or right hereunder shall operate as a waiver hereof, nor as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof, or the exercise of any other power or right. After the occurrence of any Default or Event of Default, the acceptance by Lessor of any payment of rent or other amount owed pursuant hereto shall not constitute a waiver by Lessor of such Default or Event of Default, regardless of Lessor's knowledge or lack of knowledge thereof at the time of acceptance of any such payment, and shall not constitute a restatement of this Lease if the Lease shall have been declared in default by Lessor pursuant to Section 18

hereof or otherwise, unless Lessor shall have agreed in writing to reinstate the Lease and to waive the Default or Event of Default.

(c) Fees and Expenses. Whether or not any of the transactions contemplated by this Lease shall be consummated, Lessee agrees to pay all reasonable out-of-pocket expenses of Lessor in connection with this Lease, including without limitation, the reasonable fees and disbursements of counsel for Lessor, in connection with the preparation, execution and delivery of this Lease and related documents.

(d) Entire Agreement. This Lease and the agreements referred to herein contain the full, final and exclusive statement of the agreement between Lessor and Lessee relating to the lease of the Equipment, except that the parties will continue to be bound by that certain Letter Agreement dated April 16, 1993, by Lessor to Guarantor attached hereto as Exhibit D.

(e) Agreement of Lease. This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Equipment except as lessee only.

(f) Successors and Assigns. This Lease and the covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Lessor and its successors and assigns and Lessee and, to the extent permitted by Section 20 hereof, its successors and assigns.

(g) Captions. The headings of the Sections are for convenience of reference only, are not a part of this Lease and shall not be deemed to effect the meaning or construction of any of the provisions hereof.

(h) Execution in Counterparts. This Lease may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(i) GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(j) JURISDICTION. LESSEE HEREBY IRREVOCABLY CONSENTS AND AGREES THAT ANY LEGAL ACTION, SUIT, OR PROCEEDING ARISING OUT OF OR IN ANY WAY IN CONNECTION WITH THIS LEASE MAY BE INSTITUTED OR BROUGHT IN THE COURTS OF THE STATE OF NEW YORK, IN THE COUNTY OF NEW YORK, OR THE UNITED STATES COURTS FOR THE SOUTHERN DISTRICT


OF NEW YORK, AS LESSOR MAY ELECT, AND BY EXECUTION AND DELIVERY OF THIS LEASE, LESSEE HEREBY IRREVOCABLY ACCEPTS AND SUBMITS TO, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY SUCH COURT, AND TO ALL PROCEEDINGS IN SUCH COURTS. LESSEE IRREVOCABLY CONSENTS TO SERVICE OF ANY SUMMONS AND/OR LEGAL PROCESS BY REGISTERED OR CERTIFIED UNITED STATES AIR MAIL, POSTAGE PREPAID, TO LESSEE AT THE ADDRESS SET FORTH IN SECTION 24 HEREOF, SUCH METHOD OF SERVICE TO CONSTITUTE, IN EVERY RESPECT, SUFFICIENT AND EFFECTIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDING. NOTHING IN THIS LEASE SHALL AFFECT THE RIGHT TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR LIMIT THE RIGHT OF LESSOR TO BRING ACTIONS, SUITS OR PROCEEDINGS IN THE COURT OF ANY OTHER JURISDICTION. LESSEE FURTHER AGREES THAT FINAL JUDGMENT AGAINST IT IN ANY SUCH LEGAL ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION, WITHIN OR OUTSIDE THE UNITED STATES OF AMERICA, BY SUIT ON THE JUDGMENT, A CERTIFIED OR EXEMPLIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND THE AMOUNT OF LIABILITY.

(k) JURY TRIAL. LESSOR AND LESSEE IN ANY LITIGATION RELATING TO OR IN CONNECTION WITH THIS LEASE IN WHICH THEY SHALL BE ADVERSE PARTIES WAIVE TRIAL BY JURY.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed all as of the date above written.

LESSOR:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

By: 

Title: VICE PRESIDENT

Date: 5-4-93

LESSEE:

ELGIN, JOLIET AND EASTERN RAILWAY
COMPANY

By: 

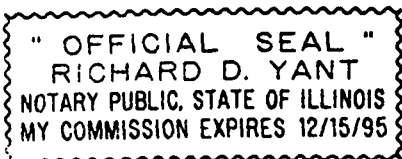
Title: Vice President-Finance

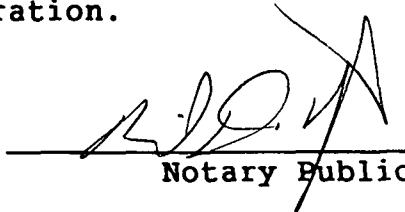
Date: May 4, 1993

ACKNOWLEDGMENTS

State of Illinois)
) ss.
County of Cook)

On this 4th day of May, 1993, before me personally appeared Paul A. Lechner, to me personally known, who, being by me duly sworn, did say that he is a Vice President of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.



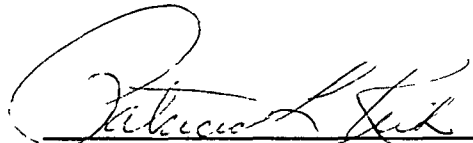


Notary Public

My commission expires:

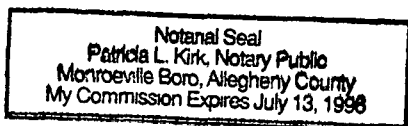
Commonwealth of
~~State of~~ Pennsylvania)
) ss.
County of Allegheny)

On this 4th day of May, 1993, before me personally appeared R. S. Rosati, to me personally known, who, being by me duly sworn, did say that he is a Vice President-Finance of Elgin, Joliet and Eastern Railway Company, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.



Notary Public

My commission expires: July 13, 1996



**Rider A to Master Railcar Lease Agreement
dated April 30, 1993
between The CIT Group/Equipment Financing, Inc. ("Lessor")
and Elgin, Joliet and Eastern Railway Company ("Lessee")**

Lessee hereby acknowledges, agrees and confirms, for the benefit of Lessor and its assigns, in connection with the referenced Master Railcar Lease Agreement (the "Lease"), that:

1. On or before the date upon which the Lessee signed the Lease, either (a) the Lessee has received from Lessor a copy of the contract by which Lessor acquired the equipment (the "Equipment") subject to the Lease that is being leased to it or (b) Lessor informed Lessee in writing by means of this Rider A or otherwise on or before such date of (i) the identity of the supplier of the Equipment, (ii) that Lessee may have rights under said contract and is entitled under Uniform Commercial Code Article 2A (if in effect in the state whose law governs this Lease) to the benefit of the promises and warranties, including those of third parties, provided to Lessor by said supplier and (iii) that Lessee may and should contact the supplier to receive an accurate and complete description of such rights, including any disclaimers or limitations on them or of the remedies thereunder. Lessee makes this acknowledgment so that the Lease will qualify as and be a "finance lease" under Article 2A.

Lessee has reviewed the provisions of Section 5 of said Lease disclaiming warranties and acknowledges that it is bound by said provisions.

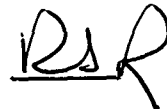
2. Lessee has reviewed the provisions of Section 20 of said Lease prohibiting or restricting the assignment or other transfer of its interests in the Lease or the Equipment leased to it and is bound by such provisions as set forth in said Lease. Lessee agrees that said provisions are made "conspicuous" by this Section 2 of this Rider A.

3. Lessee has reviewed the provisions of Section 28(b) of said Lease providing that no provision of the Lease as written may be modified except by a written agreement, and Lessee is bound by such provisions. Lessee's authorized representative has separately initialed this Section 3 to evidence Lessee's agreement to be bound by said provisions.

Lessee:

(Please initial here)

ELGIN, JOLIET AND
EASTERN RAILWAY COMPANY



4. This Rider A is hereby made a part of the Lease as if set forth in full therein.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed all as of the date above written, and the undersigned signatories each hereby declare pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.


LESSOR:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

LESSEE:

ELGIN JOLIET AND EASTERN
RAILWAY COMPANY

By: 
Name: PAUL LECHNER
Title: VICE PRESIDENT

By: 
Name: R. S. Rosati
Title: Vice President-Finance

Exhibits and Schedules

Exhibit A	Equipment Schedule
Exhibit B	Supplement and Acceptance Certificate
Schedule 1	Units Subject to Supplement
Schedule 2	Stipulated Loss Values
Exhibit C	Guaranty
Exhibit D	Letter Agreement
Exhibit E	Assignment and Security Agreement

EXHIBIT A

Equipment Schedule

One Hundred (100) new and unused 1993 Thrall 100-ton capacity coil cars, and covers thereto, marked or to be marked EJE and bearing running numbers 7400 through 7499 (inclusive).

EXHIBIT B

SUPPLEMENT AND ACCEPTANCE CERTIFICATE

Interim Term Commencement Date: _____
Basic Term Commencement Date: July 1, 1993

THIS SUPPLEMENT AND ACCEPTANCE CERTIFICATE is executed and delivered by THE CIT GROUP/EQUIPMENT FINANCING, INC. ("Lessor") and Elgin, Joliet and Eastern Railway Company ("Lessee") pursuant to and in accordance with the Master Railcar Lease Agreement dated as of April 30, 1993 between Lessor and Lessee (the "Lease", the defined terms therein being used herein with their defined meanings).

1. The Units covered by this Certificate are described in Schedule 1, Part A attached hereto, and Schedule 1, Part A provides for the Lease Term and Commodity for such Units.

2. The Base Rent for the Units is set forth on Schedule 1, Part B.

3. The Stipulated Loss Values for the Units are as set forth on Schedule 2.

4. The Fixed Rent Factor for the Units is set forth on Schedule 1, Part B.

5. The Termination Date for the Units is set forth on Schedule 1, Part B.

6. The Termination Factor for the Units is set forth on Schedule 1, Part B.

7. Lessee confirms that

(a) the Units covered hereby have been delivered to it;

(b) the Units covered hereby have been inspected by Lessee have been delivered in good working order and condition and are of the size, design, capacity and manufacture selected by Lessee;

(c) Lessee irrevocably accepts said Units "AS-IS, WHERE-IS" for all purposes of the Lease as of the Commencement Date set forth above;

(d) no Default or Event of Default is in existence as of the Commencement Date set forth above, nor shall any Default or Event of Default occur as a result of the lease by Lessee of the Units specified herein; and

(e) that all representations and warranties of Lessee contained in the Lease or in any document or certificate furnished Lessor in connection herewith, are true and correct as of the Commencement Date set forth above with the same force and effect as if made on such date.

5. Supplemental Return Conditions. After all Units have been returned to Lessor as provided in the Lease (which may be at storage tracks and facilities provided by Lessee), the parties will perform a joint inspection of the Units. Lessee will be responsible for any repairs, replacements or betterments necessary to place the Units in the condition required under the Lease, and rent will continue to accrue as provided under the Lease until all Units are put into such condition. Lessee will return to Lessor the original covers included in each Unit at the commencement of the Lease or other covers having condition and utility at least as good as that of the original covers and as required under the Lease. If Lessee delivers to Lessor any covers other than the originals, Lessee will cause all such replacement covers to be painted to match the colors of the rest of the Units and will convey to Lessor all such replacement covers free and clear of all Liens by appropriate warranty bill of sale.

6. All of the terms, provisions and conditions of the Lease are hereby incorporated herein and made a part hereof as if such terms, provisions and conditions were set forth in full in this Certificate. By its execution and delivery of this Certificate, the Lessee reaffirms all of the terms, provisions and conditions of the Lease.

IN WITNESS WHEREOF, Lessee has caused this Acceptance Certificate to be duly executed by its duly authorized officer as of the Commencement Date set forth above.

LESSEE:

ELGIN, JOLIET AND EASTERN RAILWAY COMPANY

By: RS Rosati
Title: Vice President-Finance

ACCEPTED AND AGREED TO AS OF THE COMMENCEMENT
DATE SET FORTH ABOVE

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: _____

Title: _____

ACKNOWLEDGMENTS

State of)
) ss.
County of)

On this ____ day of _____, _____, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.

Notary Public

My commission expires:

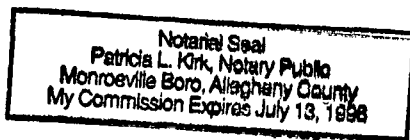
Commonwealth of
~~State of~~ Pennsylvania)
) ss.
County of Allegheny)

On this 4th day of May, 1993, before me personally appeared R.S. Rosati, to me personally known, who, being by me duly sworn, did say that he is a Vice Pres.-Finance of Elgin, Joliet and Eastern Railway Company, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.



Notary Public

My commission expires: July 13, 1996



SCHEDULE 1

Part A:

Units: EJE _____ through _____(inclusive)

Term: 40 calendar quarters from the Basic Term
Commencement Date

Commodity: Coiled Steel

Part B:

Fixed Rent Factor:

Lessor's Cost: \$

Termination Date:

Termination Factor:

SCHEDULE 2

Stipulated Loss Factors

Rent Payment Date

Stipulated Loss Factor

SEE ATTACHED

EXHIBIT C

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT ("Guaranty"), dated as of the 30th day of April, 1993, is made by TRANSTAR, INC., a Delaware corporation ("Guarantor"), in favor of THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation ("Lessor").

RECITALS

A. Pursuant to a Master Railcar Lease Agreement dated as of April ____, 1993 (herein, as the same may from time to time be amended, modified or supplemented, called the "Lease"), between Elgin, Joliet and Eastern Railway Company, a Delaware corporation ("Lessee"), and Lessor, Lessor has agreed to lease to Lessee certain equipment more fully described in the Lease (the "Equipment").

B. Lessee and Guarantor will derive substantial economic benefits from the lease of the Equipment to Lessee.

C. Lessor is willing to lease the Equipment to Lessee upon the condition, among other things, that Guarantor execute and deliver to Lessor this Guaranty.

In consideration of the foregoing facts and in order to induce Lessor to enter into the Lease and to carry out the transactions contemplated thereunder, Guarantor hereby agrees as follows:

1. Definitions. For all purposes of this Guaranty, unless otherwise defined herein or unless the context otherwise requires, all terms used herein which are defined in the Lease shall have the respective meanings given them in the Lease.

2. Guaranty.

2.1 Guarantor hereby unconditionally and irrevocably guarantees to Lessor and its successors, endorsees, transferees, and assigns, (a) the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of all amounts of any kind whatsoever payable by Lessee under or pursuant to the Lease, including, without limitation, all rent, indemnities, and interest and all other obligations, and liabilities of Lessee to Lessor now existing or hereafter incurred arising out of or in connection with the Lease (all such amounts, obligations, and liabilities being hereinafter called the "Obligations") and (b) the due and

punctual performance and observance, strictly in accordance with the terms of the Lease, of each of the terms, conditions, covenants, agreements and indemnities of Lessee under the Lease, and if for any reason whatsoever Lessee shall fail to do so, Guarantor further agrees to pay any and all expenses which may be paid or incurred by Lessor in collecting from Guarantor and/or Lessee any or all of the Obligations and/or in enforcing any rights hereunder.

2.2 The obligations of Guarantor under this Guaranty shall be continuing, absolute, and unconditional under any and all circumstances and shall be paid and performed by Guarantor regardless of (a) the validity, regularity, legality, or enforceability of the Lease, any of the Obligations, any collateral security, or any other guaranty therefor at any time or from time to time held by Lessor; (b) any defense, offset, or counterclaim which may at any time be available to or be asserted by Lessee or Guarantor against Lessor; (c) the disaffirmance of the Lease in any insolvency, bankruptcy or reorganization proceeding relating to the Lessee; (d) the acquisition or installation, or non-acquisition or non-installation of the Equipment or any item thereof, or the commencement or non-commencement of the Lease Term therefor, or the ability or inability of Lessee to use the Equipment or any portion thereof; or (e) any other event or circumstance whatsoever which may constitute, or might be construed to constitute, an equitable or legal discharge of a surety or a guarantor. It is the purpose and intent of Guarantor that this Guaranty and its obligations hereunder shall remain in full force and effect and be binding upon Guarantor and its successors until the Obligations and the obligations of Guarantor under this Guaranty shall have been satisfied by payment and performance in full.

2.3 Guarantor hereby consents, without the necessity of any reservation of rights against Guarantor and without notice to or assent by Guarantor, and with Guarantor remaining bound hereunder notwithstanding the occurrence of any of the following acts or events, that (a) any demand for payment of any of the Obligations made by Lessor may be rescinded by Lessor and any of the Obligations continued; (b) the Obligations, or the liability of any party upon or for any part thereof, or any collateral security or guaranty therefor, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, settled, compromised, subordinated, waived, surrendered or released by Lessor; (c) the Lease, any collateral security documents or other guaranties or documents in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as Lessor may deem advisable from time to time; (d) the Lease may be terminated with respect to any or all of the Equipment or any or all of the Equipment may be replaced by other property; and/or (e) any or all of the Equipment or any collateral security at any time securing the

payment of the Obligations may be sold, exchanged, waived, surrendered or released. Lessor shall not have any duty to protect, secure, perfect, or insure the Equipment or any collateral security at any time securing the payment of the Obligations. This Guaranty is a guaranty of performance and payment (and not merely of collection). Guarantor waives any requirement that Lessor make any demand, commence suit, or exercise any other right or remedy under the Lease prior to enforcing its rights against Guarantor hereunder. Guarantor waives diligence, presentment, protest, demand for payment and/or notice of default or nonpayment to or upon Lessee or Guarantor with respect to the Obligations and the Lease. When making any demand hereunder against Guarantor, Lessor may, but shall be under no obligation to, make a similar demand on any other guarantor, and any failure by Lessor to make any such demand or to collect any payments from any such other guarantor or any release of such other guarantor shall not relieve Guarantor of its obligations and liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of Lessor against Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.4 Guarantor waives any and all notice of the creation, renewal, extension, or accrual of any of the Obligations and notice of or proof of reliance by Lessor upon this Guaranty or acceptance of this Guaranty. The Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guaranty, and all dealings between Lessee or Guarantor and Lessor shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. Guarantor acknowledges receipt of a copy of the Lease.

2.5 This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by Lessor upon the insolvency, bankruptcy or reorganization of Lessee, or otherwise, all as though such payment had not been made.

3. No Subrogation. Notwithstanding any payment or payments made or performance rendered by Guarantor hereunder, Guarantor shall not be entitled to be subrogated to any of the rights of Lessor against Lessee or any other guaranty or collateral security held by Lessor for the payment of the Obligations or performance of the terms of the Lease, and GUARANTOR HEREBY FOREVER WAIVES AND RELINQUISHES ALL SUCH RIGHTS OF SUBROGATION OR OTHER RIGHTS AGAINST LESSEE, ANY OTHER GUARANTOR AND ANY OTHER PERSON OR ENTITY OR WITH RESPECT TO THE LEASE, THE EQUIPMENT, OR THE OBLIGATIONS.

4. Representations and Warranties. Guarantor hereby represents and warrants that (a) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (b) Guarantor has full power, authority and legal right to execute, deliver and perform this Guaranty, and the Guarantor has taken all necessary corporate action to authorize such execution, delivery and performance; (c) this Guaranty has been duly authorized, executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable in accordance with its terms; (d) no consent of any person (including stockholders, partners or any trustee or holder of any obligations of Guarantor), and no consent, license, approval, or authorization of, or registration or filing with, any governmental authority, bureau or agency is required in connection with the execution, delivery and performance of, and payment under, this Guaranty; (e) the execution, delivery, performance and payment of this Guaranty, does not and will not contravene any applicable law, regulation, order or decree, the certificate of incorporation or by-laws of Guarantor or any provision of any indenture, mortgage, contract or other agreement to which Guarantor is a party or by which any of its assets may be bound; (f) there is no action, suit, investigation or proceeding by or before any court, arbitrator, administrative agency or other governmental authority pending or, to its knowledge, threatened against or affecting Guarantor (A) which involves the transactions contemplated by this Guaranty, or (B) which if adversely determined, could have a material adverse effect on the financial condition, business or operations of Guarantor; (g) all financial statements of Guarantor heretofore furnished to Lessor have been prepared in accordance with generally accepted accounting principles consistently applied, and there are no known contingent liabilities or liabilities for taxes of Guarantor which are not reflected in said financial statements and since the date of the most recent financial statements of Guarantor furnished to Lessor, there has been no material adverse change in the financial condition, business or operations of Guarantor; and (h) Guarantor is not in default under any indenture, mortgage, contract or other agreement to which it is a party or by which Guarantor or any of its assets may be bound.

5. No Changes in Guarantor. Guarantor will provide to Lessor written notice at least thirty (30) days before it does any of the following: (a) enter into any transaction of merger or consolidation unless it is the surviving entity and after giving effect to such merger or consolidation its tangible net worth equals or exceeds that which existed prior to such merger or consolidation; or (b) completely liquidate or dissolve; or (c) sell all or a substantial portion of its assets; or (d) sell, transfer or otherwise dispose of any interest in Lessee owned by it as of the date hereof such that it holds less than

50% of all classes of the outstanding stock of Lessee; or (e) change its name or chief place of business. Upon receipt of such notice, Lessor shall have its rights under Section 21 of the Lease.

6. Additional Covenants of Guarantor. Guarantor covenants and agrees that from and after the date hereof and so long as any of the Obligations remain outstanding, it will: (1) promptly give written notice to Lessor of (i) the occurrence of any Default or Event of Default of which it is or should be aware; (ii) the commencement or threat of any material litigation or proceedings affecting it or Lessee; and (iii) any dispute between it and any government regulatory body or other party that might materially interfere with its normal business operations; (2)(i) duly observe and conform to all requirements of any governmental authorities relating to the conduct of its business or to its properties or assets; (ii) maintain its existence as a legal entity and obtain and keep in full force and effect all rights, franchises, licenses and permits which are necessary to the proper conduct of its business; and (iii) obtain or cause to be obtained as promptly as possible any governmental, administrative or agency approval and make any filing or registration therewith which at the time shall be required with respect to the performance of its obligations under this Guaranty or the operation of its business; (3) permit Lessor or its authorized representative at any reasonable time or times to inspect its books and records relating in any way to the Equipment; (4) keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities; and (5) furnish to Lessor the following financial statements, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved, (a) as soon as available, but not later than 120 days after each fiscal year end, its consolidated balance sheet as at the end of such fiscal year, and its consolidated statements of income and statements of cash flow for such fiscal year, audited by nationally recognized certified public accountant to Lessor; (b) as soon as available, but no later than 90 days after the end of each of the first three quarterly periods of each fiscal year, its consolidated balance sheet as at the end of such quarterly period and its consolidated statements of income and statements of cash flow, certified by its chief financial officer; and (c) promptly, such additional financial and other information as Lessor may from time to time reasonably request.

7. Notices. All notices, requests and demands to or upon Guarantor, and all notices or requests to Lessor, shall be

deemed duly given or made when deposited in the United States mail, first class postage prepaid, and addressed,

if to Guarantor: Transtar, Inc.
 135 Jamison Lane
 P.O. Box 68
 Monroeville, Pennsylvania 15146
 Attention: Chief Financial Officer

if to Lessor: The CIT Group/Equipment Financing, Inc.
 1211 Avenue of The Americas
 New York, New York 10036
 Attention: Senior Vice President-Credit

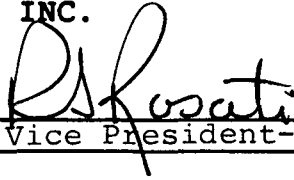
or in either case, to such other address as may be hereafter designated in writing by either of them to the other.

8. No Waiver; Cumulative Remedies. A waiver by Lessor of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lessor would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Lessor any right, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

9. Miscellaneous. None of the terms or provisions of this Guaranty may be amended, waived, altered, modified or terminated except by an instrument in writing signed by the party against which enforcement of such amendment, waiver, alteration, modification or termination is sought. This Guaranty and all obligations of Guarantor, shall be binding upon the successors and assigns of Guarantor, and shall, together with the rights and remedies of Lessor hereunder, inure to the benefit of Lessor and its successors and assigns. The invalidity, illegality or unenforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision of this Guaranty. This Guaranty shall be governed by, and be construed and interpreted in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned has caused this
Guaranty to be duly executed and delivered by its duly
authorized officer as of the day and year first above written.

TRANSTAR, INC.

By: 
Title: Vice President-Finance

Address: 135 Jamison Lane
P.O. Box 68
Monroeville, PA 15146



April 16, 1993

Mr. John A. Yokim
Director Corporate
Financial Services
Transtar, Inc.
135 Jamison Lane
P.O. Box 68
Monroeville, PA 15146

Dear John:

The following is an amendment to the commitment letter dated April 13, 1993 between Elgin, Joliet and Eastern Railway Company ("Lessee") and The CIT Group/Equipment Financing, Inc. ("Lessor") and is pursuant to the "Rent Determination" section of that letter and your verbal request to exercise your option to lock the Rent Factor:

Treasury Rate: The rate per annum equal to the yield to maturity on actively traded U.S. Treasury Notes with seven (7) years remaining to maturity as reported on Page 5 ("U.S. Treasury and Money Markets") of the information provided by Telcrato Systems Incorporated ("Treasury Rate"). The Treasury Rate as of February 12, 1993 was 5.96%.

Hedge Fee: \$38,169, included in the calculation of the fixed Rent Factor below, or to be paid in addition to the Break Funding Fee in the event the Lessee fails to utilize the Funds. In the event only a portion of the Funds are utilized, the Lessee shall pay a pro-rata portion of the Hedge Fee.

Break Funding Fee: In order to offer Lessee a fixed Rent Factor of \$26.17124 per \$1,000 of Equipment Cost, Lessor will assume the risk of an increase in Lessor's cost of funds for funds in an amount equal to \$5,582,400 (the "Funds") which is the anticipated Lessor's Cost of the Equipment, at the Treasury Rate as of April 14, 1993 (5.61%) (the "Strike Rate"). In the event (i) the Lessor's Cost of The Equipment is less than the Funds, or Lessor's obligation to purchase the Equipment or commence the Lease of the Equipment has expired, and (ii) the Closing Market Rate (as defined below) is lower than the Strike Rate, then Lessee shall owe to Lessor an amount equal to the difference between the Strike Rate and the Closing Market Rate over a seven (7) year term, on any unfunded

portion of the Funds, with such unfunded portion of the Funds

Transtar, Inc.
Page 2
April 16, 1993

discounted to present value at the Closing Market Rate (the "Break Funding Fee"). An example of the calculation of a break funding fee assuming a 20 basis point decrease in the Treasury Rate from the Strike Rate, is attached hereto as Exhibit A. The Break Funding Fee and to the extent applicable, the Hedge Fee, shall be payable in a lump sum on or before the earlier of five (5) days after the Commencement Date or July 8, 1993.

Closing Market Rate: The Treasury Rate in effect on the Commencement Date of the Lease, or July 1, 1993 if no Equipment is leased hereunder, whichever is applicable.

The above terms and conditions are hereby added to the above referenced commitment letter. Except as expressly set forth herein, all of the terms of the above referenced commitment letter are, and shall remain, in full force and effect.

If this amendment is acceptable to you, kindly indicate your acceptance by returning a signed copy of this letter to my attention. This offer will expire on April 19, 1993 unless previously accepted by you in the manner indicated above. Once again, The CIT Group/Equipment Financing, Inc. appreciates the opportunity to be of service to your company.

Sincerely,

K. Dale Penn

K. Dale Penn
Vice President

Transtar, Inc.

The CIT Group/Equipment
Financing, Inc.

By: *R. A. Rosati*

Title: *V.P. Finance & CFO*

Date: *4-19-93*

By: _____

Title: _____

Date: _____

EXHIBIT E

ASSIGNMENT AND SECURITY AGREEMENT

This ASSIGNMENT AND SECURITY AGREEMENT ("Assignment") is granted as of April 30, 1993, by ELGIN, JOLIET AND EASTERN RAILWAY COMPANY, a Delaware corporation ("Lessee"), to THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation and its successors and assigns ("Lessor").

WHEREAS, pursuant to the Master Railcar Lease Agreement dated as of April 30, 1993 (the "Lease"), (i) Lessor has provided, or may in the future provide, to Lessee railroad rolling stock equipment, including those units described on Schedule 1 hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached thereto, whether now owned or hereafter acquired, and all additions, improvements, accessions and accumulations to any and all of said equipment, including, without limitation, any and all substitutions, renewals or replacements of any of the foregoing (referred to herein collectively, the "Equipment" and individually, a "Unit") and may, from time to time, extend certain credit and other financial accommodations to Lessee and (ii) Lessee has agreed to grant to Lessor the liens and security interests in all subleases of the Equipment or any Unit and all rents thereunder, every other agreement relating to the Equipment or any Unit (including, without limitation, the agreements listed on Schedule 2 hereto) and the proceeds thereof and other personal property described herein:

NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. COLLATERAL.

Section 1.1 Grant of Security Interest. As security for the Lessee's payment and performance of all obligations under the Lease and hereunder (collectively referred to as the "Liabilities"), Lessee hereby grants to Lessor a security interest in and chattel mortgage on all of the following:

(a) All of Lessee's subleases, assignments, bailments for hire, or similar agreements or arrangements relating to the Equipment (the "Subleases"), whether now or hereafter existing, between the Lessee as lessor and other parties as lessees (the "Sublessees"), including, without limitation those identified on Schedule 2 hereto;

(b) All proceeds (including, without limitation, insurance and indemnity payments) from the sale, lease, assignment, loss or other disposition in any way arising from the Equipment;

(c) All other documents or agreements in any way relating to the Equipment or any Unit, including, without limitation, all agreements relating to the management, maintenance, care or repair of any Unit (including, without limitation, those identified on Schedule 2 hereto), whether now or hereafter existing, and all rights of Lessee arising out of any of them (together with the Subleases, the "Agreements"); and

(d) (i) All rents and other proceeds arising from any Agreement, (ii) all claims for damages arising out of the breach of any Agreement, (iii) the right, if any, to terminate any Agreement, to perform thereunder and to compel performance of the terms thereof, (iv) the right to take possession of the Equipment and to use any and all of the Equipment, (v) the right to make all waivers and agreements and to enter into any amendments relating to any Agreement or any provision thereof, (vi) the right to take such action upon the occurrence of an event of default under any Agreement, including, without limitation, the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by any Agreement or by law, and (vii) all other rights, claims, causes of action, if any, which Lessee may have against any Sublessee or any other party with respect to any Agreement including, without limitation, the right to exercise any options or remedies under such Agreements;

(e) All books, records, reports and documents, in whatever form and wherever located relating in any way to the foregoing, including, without limitation, all maintenance records, plans, specifications, lease records and reports (the "Records").

All such Equipment, Agreements, Records, rights, claims and causes of action described in the immediately preceding clauses and proceeds with respect thereto are herein collectively referred to as the "Collateral."

Section 1.2. Representations, Warranties and Covenants of Lessee. Lessee represents, warrants and covenants:

(a) That the Equipment is properly identified by serial, running or other identifying mark and number on Schedule 1 hereto and hereby made a part hereof.

(b) That all of Lessee's now existing Agreements relating to the Equipment are set forth on Schedule 2 hereto.

(c) That Lessee shall not enter into any renewals or extensions of its existing Agreements or enter into any new Agreements without in each case such Agreements being

subordinate to the Lease and this Assignment and without thereafter delivering the original of such Agreement, renewal or extension to Lessor.

(d) That it has not assigned, pledged or mortgaged, and hereby covenants that it will not assign, pledge or mortgage, so long as the Lease or this Assignment shall remain in effect, the whole or any part of the rights or interests hereby assigned, pledged, mortgaged, and granted to anyone other than Lessor and its successors and assigns.

(e) That Lessee will defend the rights and interests of Lessor in and to the Collateral against the rights or claims of any persons.

(f) That Lessee is not, as of the date hereof, in default under any of the provisions of any of the Agreements.

Section 1.3. Lessee's Agreements with Respect to the Agreements. To protect the grant of security interest to Lessor in the Agreements, Lessee hereby agrees as follows:

(a) Lessee shall faithfully abide by, perform and discharge each and every obligation, covenant, condition, duty and agreement which the Agreements provide are to be performed by Lessee.

(b) Lessee will deliver to Lessor the original of each Agreement.

(c) Without the prior written consent of Lessor, Lessee shall not enter into any Agreement that grants to the Sublessee or other party thereunder the right to acquire any of the Equipment. Any attempts to enter into any Agreements made in violation of the provisions of this subsection shall be void.

(d) At Lessee's sole cost and expense, Lessee will appear in and defend any action or proceedings arising under, growing out of or in any manner connected with the obligations, covenants, conditions, charters, agreements or liabilities of Lessee under any and all of the Agreements.

(e) Without the prior written consent of Lessor, Lessee shall not commence or compromise any action, suit, proceeding or case or file any application or make any motion affecting any of the Agreements in any bankruptcy proceeding other than a proceeding in which Lessee is the debtor.

SECTION 2. DEFAULTS

Section 2.1. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

- (a) An Event of Default shall occur under the Lease;
- (b) Lessee shall fail to perform any of its obligations under this Assignment and such failure shall continue for ten (10) days after notice thereof to Lessee; or
- (c) Any representation made to Lessor in this Assignment shall prove to be materially false or misleading at the time when made.

SECTION 3. REMEDIES.

Section 3.1. Remedies. Upon the occurrence and during the continuance of any Event of Default, Lessor may do any one or more of the following acts (but shall be under no obligation to do so) regarding the Collateral, or any portion thereof:

- (a) direct any Sublessee to pay all rents thereafter becoming due under any of the Subleases to Lessor, cash any checks and negotiate any other instrument or compromise any claim, in each case, if desirable in the name of Lessee;
- (b) perform or discharge any obligation or duty of Lessee under any of the Agreements to such extent as Lessor may deem necessary or advisable to protect the security provided hereunder;
- (c) exercise all the rights and remedies in foreclosure and otherwise granted to secured parties under the provisions of applicable laws;
- (d) institute legal proceedings for the specific performance of any covenant or agreement herein undertaken by Lessee or for aid in the execution of any power or remedy herein granted;
- (e) institute legal proceedings to foreclose upon and against the security interest and the chattel mortgage in any of the Collateral granted in and by this Assignment, to recover judgment for all amounts then due and owing as Liabilities, and to collect the same out of any sale of the Collateral or of collections upon the Subleases;
- (f) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;
- (g) demand, collect, and retain all car hire, rent, earnings and other sums due and to become due to Lessee in respect of the Collateral from any party whomsoever, accounting only for the net earnings arising from such use, if any, after charging against any receipts from the use of

the same and from any subsequent sale thereof all costs and expenses of and damages or losses by reason of, such use or sale;

(h) sell or dispose of all or any part of the Collateral, free from any and all claims of Lessee or of any other party claiming by, through or under Lessee at law, in equity, or otherwise, at one or more public or private sales, in such place or places, at such time or times, and upon such terms as Lessor may determine, in its sole and complete discretion and in light of the best interests of Lessor, with or without previous demand on or notice to Lessee or advertisement of any such sale or other disposal, except as may be required by law, and for the aforesaid purposes, all notices of sale, advertisements, and demands and any rights or equities of redemption otherwise required or available to Lessee under applicable law are hereby waived by Lessee to the fullest extent permitted by applicable law. Any non-waivable requirement in law of reasonable notice shall be deemed satisfied by ten (10) days notice. Any non-waivable requirement in law of publication shall be deemed satisfied by publication in accordance with procedures then in use or customary in the relevant jurisdiction. The power of sale hereunder shall not be exhausted by one or more sales, and Lessor from time to time may adjourn any sale to be made pursuant to this Section 3.1;

(i) assign its rights and interests in any and all of the Subleases and Documents, without Lessee's consent, to any successor or assignee of Lessor or to any other third party;

(j) exercise any and all other rights available to Lessor under any other agreement or at law or in equity.

In the event that Lessor exercises any of its rights under this Assignment, all payments or proceeds received by Lessor resulting from such exercise shall be applied in any manner reasonably deemed appropriate by Lessor. ALL REMEDIES OF LESSOR UNDER THIS ASSIGNMENT OR ANY OTHER DOCUMENT OR AT LAW OR IN EQUITY SHALL BE CUMULATIVE, AND THE EXERCISE OF ANY ONE REMEDY BY LESSOR SHALL NOT NECESSARILY PREVENT LESSOR FROM EXERCISING ANY OTHER REMEDY.

Section 3.2. Waiver by Lessee. To the extent permitted by law, and except as otherwise expressly provided herein to the contrary, Lessee covenants that it will not at any time after any sale or sales in exercise of Lessor's remedies herein, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of Lessee

acquiring any interest in or title to the Collateral, or any part thereof subsequent to the date of this Assignment, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Lessor, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

SECTION 4. GENERAL.

Section 4.1. Rights Cumulative. Each and every power and remedy hereby specifically given to Lessor shall be in addition to or every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to Lessee shall not otherwise alter or affect Lessor's rights or the Liabilities. Lessor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Liabilities or Lessor's rights hereunder with respect to any subsequent payments or default therein.

Section 4.2. Power of Attorney. The Lessee hereby irrevocably appoints the Lessor the true and lawful attorney for the Lessee, with full power of substitution, in the name of the Lessee, the Lessor or otherwise, for the purposes of carrying out the terms of this Assignment, but at the Lessee's expense, to the extent permitted by law, to exercise, at any time and from time to time after any Event of Default has occurred and is continuing, or upon the failure of the Lessee to perform its obligations under the Lease or hereunder, any or all of the following powers with respect to any or all of the Collateral (which powers shall be in addition and supplemental to any powers, rights and remedies of the Lessor described herein):

(i) to demand, sue for and collect any and all moneys due or to become due upon or by virtue thereof; and

(ii) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by the Lessor in connection therewith; and

(iii) to settle, compromise, discharge, extend, compound, prosecute or defend any action or proceeding with respect thereto; and

(iv) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto; and

(v) to discharge any taxes, liens, security interests or other encumbrances at any time placed thereon; and

(vi) to sell, transfer, assign, direct disposition of or otherwise deal in or with the Collateral, the Equipment, or the proceeds thereof, as fully and effectually as if the Lessor were the absolute owner thereof.

Section 4.3. Section Headings, Effect and Modification of Agreement. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Assignment.

Section 4.4. Modifications. No variation or modification of this Assignment and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessee.

Section 4.5. Notices. All notices hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to the respective addresses set forth below:

If to Lessor:

The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas
New York, New York 10036
Attention: Senior Vice President/Credit

If to Lessee:

Elgin, Joliet and Eastern Railway Company
Maple Road
Joliet, Illinois 60434
Attention: Treasurer

Lessee shall cause a copy of every notice or communication received from or on behalf of any of the other parties to any of the Agreements to be promptly delivered to Lessor, including, without limitation, the filing of any bankruptcy petition by or

against, or the institution of any insolvency or reorganization proceeding involving, any such party.

Section 4.6. Law Governing. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of New York without regard to conflicts of laws rules; provided, however, that Lessor shall be entitled to all rights conferred by the filing, recording or deposit hereof in the appropriate office(s) pursuant to Section 11303 of the Interstate Commerce Act or in such other offices as may be appropriate in the jurisdiction in which the Equipment is operated.

Section 4.7. Counterparts. This Assignment may be executed in several counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

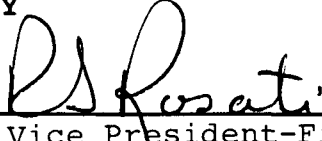
Section 4.8. Successors and Assigns. This Assignment shall be binding upon Lessee and inure to the benefit of Lessor and its successors and assigns. Lessee may not assign or transfer its rights hereunder without the prior written consent of Lessor.

Section 4.9. Severability. The provisions of this Assignment are severable and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Assignment in any jurisdiction. Without limiting the generality of the foregoing, the parties hereto intend that the security interest and chattel mortgage created by this Assignment and securing the Liabilities shall be severable, and if any portion of the Liabilities shall be invalid, unenforceable or void under applicable law, then the security interest and chattel mortgage created by this Assignment shall be invalid, unenforceable or void solely to the extent of such invalidity, unenforceability or voidance of such portion of the Liabilities without rendering the remainder of the security interest and chattel mortgage created by this Assignment unenforceable, invalid or void.

4.10. Further Assurances. Lessee will, from time to time, do and perform any other act or acts and will execute, acknowledge, and deliver, and file, register, and record (and will re-file, re-register and re-record whenever required) any further instrument, including any extensions and renewals thereof, required by law or requested by Lessor in order to confirm or further assure the interests of Lessor hereunder.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be duly executed as of the date above written, and the undersigned hereby declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is a true and correct document and was executed on the date indicated below its signature.

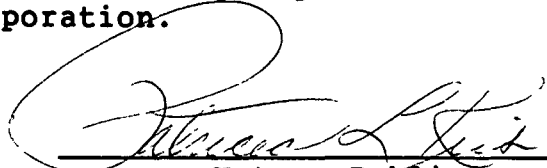
ELGIN, JOLIET AND EASTERN RAILWAY
COMPANY

By: 
Title: Vice President-Finance
Date: May 4, 1993

ACKNOWLEDGEMENTS

Commonwealth of
~~State of~~ Pennsylvania)
County of Allegheny) ss.

On this 4th day of May, 1993, before me personally appeared R. S. Rosati, to me personally known, who, being by me duly sworn, did say that he is a Vice Pres.-Finance of Elgin, Joliet and Eastern Railway Company, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the corporation.



Notary Public

My commission expires: July 13, 1993

Notarial Seal
Patricia L. Kirk, Notary Public
Monroeville Boro, Allegheny County
My Commission Expires July 13, 1996

List of Schedules

Schedule 1	Equipment
Schedule 2	Agreements

SCHEDULE 1

Equipment Schedule

One Hundred (100) new and unused 1993 Thrall 100-ton capacity coil cars, and covers thereto, marked or to be marked EJE and bearing running numbers _____ through _____ (inclusive), and bearing serial numbers _____ through _____ (inclusive).

SCHEDULE 2

AGREEMENTS

CERTIFIED COPY

I, Richard Demarest Yant, the undersigned affiant, certify and affirm that I have compared the attached copy with the original and have found the copy to be complete and identical in all respects to the original document.



Richard Demarest Yant

STATE OF ILLINOIS)
)
COUNTY OF C O O K) SS.

The foregoing instrument was acknowledged before me this 4th day of Feb, 1992, by Richard Demarest Yant.



NOTARY PUBLIC

